



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCH2465 .....	2
CCS2284 .....	22
CCS466 .....	55
H8516 .....	57
H8517 .....	59
H8518 .....	60
HR149 .....	66
S5255 .....	68
S5256 .....	74
S5257 .....	75
S5258 .....	77
SF2344 .....	116



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCH-2465

REPORT OF THE CONFERENCE COMMITTEE  
ON HOUSE FILE 2465

To the Speaker of the House of Representatives and the President of the Senate:

We, the undersigned members of the conference committee appointed to resolve the differences between the House of Representatives and the Senate on House File 2465, a bill for an Act relating to state and local finances by making and adjusting appropriations, providing for legal responsibilities, and providing for properly related matters, and including effective date and retroactive and other applicability provisions, respectfully make the following report:

1. That Senate amendment, H-8513, to House File 2465, as amended, passed, and reprinted by the House, is amended to read as follows:

1. Page 1, after line 6 by inserting:

<Sec. \_\_\_\_ . GENERAL ASSEMBLY. The appropriations made pursuant to section 2.12 for the expenses of the general assembly and the legislative agencies for the fiscal year beginning July 1, 2012, and ending June 30, 2013, are reduced by the following amount:

..... \$ 1,672,924>



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCH-2465

2. Page 2, after line 1 by inserting:

<8. For reimbursement for the homestead property tax credit under section 425.1:

..... \$106,983,518

Sec. \_\_\_\_ . Section 97A.11A, subsection 1, Code 2011, is amended to read as follows:

1. Beginning with the fiscal year commencing July 1, ~~2012~~ 2013, and ending June 30 of the fiscal year during which the board determines that the system's funded ratio of assets to liabilities is at least eighty-five percent, there is appropriated from the general fund of the state for each fiscal year to the retirement fund described in section 97A.8, an amount equal to five million dollars.>

3. Page 2, after line 3 by inserting:

<Sec. \_\_\_\_ . WATERSHED IMPROVEMENT FUND — APPROPRIATION. There is appropriated from the rebuild Iowa infrastructure fund to the department of agriculture and land stewardship for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the purposes designated, notwithstanding section 8.57, subsection 6, paragraph "c":

For deposit in the watershed improvement fund created in section 466A.2:

..... \$ 1,000,000

Sec. \_\_\_\_ . TUITION GRANTS — FOR-PROFIT ACCREDITED PRIVATE INSTITUTIONS.

1. There is appropriated from the general fund of the state to the college student aid commission for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For tuition grants for students attending for-profit accredited private institutions located in Iowa under 261.25, subsection 2:



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCH-2465

..... \$ 500,000

2. Moneys appropriated in this section shall supplement and not supplant moneys appropriated in section 261.25, subsection 2, for the fiscal year beginning July 1, 2012, and ending June 30, 2013.

Sec. \_\_\_\_ . IOWA READING RESEARCH CENTER. There is appropriated from the general fund of the state to the department of education for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For establishing an Iowa reading research center pursuant to 2012 Iowa Acts, Senate File 2284, if enacted:

..... \$ 2,000,000>

4. Page 2, by striking lines 4 through 11 and inserting:

<Sec. \_\_\_\_ . JOINT STATE-FEDERAL MORTGAGE SERVICING SETTLEMENT MONEYS — APPROPRIATIONS.

1. A mortgage servicing settlement fund is established, separate and apart from all other public moneys or funds of the state, under the control of the department of justice. The department of justice shall deposit moneys received by the department from the joint state-federal mortgage servicing settlement into the fund. The department of justice is authorized to make expenditures of moneys in the fund consistent with the terms of the consent decree signed in federal court on April 5, 2012. Any unencumbered or unobligated moneys remaining in the fund on June 30, 2015, shall be transferred to the general fund of the state.

2. A banking division mortgage servicing settlement fund is established, separate and apart from all other public moneys or funds of the state, under the control of the division of banking of the department of commerce. The banking division shall deposit moneys received by the division from the joint state-federal mortgage servicing settlement into the fund.

H8513.6166 (5) 84

-3-

tm/jp

3/20



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCH-2465

Moneys deposited in the fund are appropriated to the banking division to be used as provided in a financial plan developed by the superintendent of banking and approved by the department of management to support state financial regulation, including oversight of mortgage lending and mortgage servicing, real estate and real estate appraisal, state chartered banks, and other financial services regulated by the division of banking. Moneys in the fund may also be used to support financial literacy efforts. The financial plan may be updated periodically as provided by the superintendent and approved by the department of management. Notwithstanding section 8.33, moneys in the fund that remain unencumbered or unobligated at the close of a fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the fiscal year that begins July 1, 2014. Any unencumbered or unobligated moneys remaining in the fund on June 30, 2015, shall be transferred to the general fund of the state.

3. There is appropriated from the mortgage servicing settlement fund to the department of management for the fiscal year beginning July 1, 2012, and ending June 30, 2013, the following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the rebuild Iowa infrastructure fund:

..... \$ 1,000,000>

5. Page 2, by striking line 12 and inserting:

<4. a. The department of justice shall>

6. Page 2, line 14, after <moneys> by inserting <from the mortgage servicing settlement fund by the department of justice>

7. Page 2, after line 20 by inserting:

<b. The division of banking shall submit a report to the general assembly detailing the expenditure of moneys from the banking division mortgage servicing settlement fund by the

H8513.6166 (5) 84



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCH-2465

division of banking for the previous calendar year and how the expenditures related to the implementation, monitoring, or enforcement of the settlement and how expenditures in the current and succeeding calendar year will be used for implementation, monitoring, or enforcement of the settlement. The initial report shall be submitted on or before January 15, 2013.>

8. Page 2, line 30, by striking <137,000> and inserting <50,000>

9. By striking page 2, line 31, through page 3, line 1.

10. Page 3, line 2, by striking <2.> and inserting <1.>

11. Page 3, line 7, after <year> by inserting <and shall include but is not limited to an antibullying internet site, internet-based communications including texting capabilities, and a telephone hotline>

12. Page 3, line 8, by striking <3.> and inserting <2.>

13. Page 3, by striking lines 13 through 46.

14. Page 4, by striking lines 6 through 17.

15. Page 5, line 10, by striking <13.> and inserting <\_\_\_\_.>

16. Page 5, before line 13 by inserting:

<Sec. \_\_\_\_ . **NEW SECTION. 15E.71 Executive council action.**

Notwithstanding section 7D.29, subsection 1, the executive council in full consultation with the attorney general, and with the agreement of the attorney general, shall take any action deemed necessary to protect the interests of the state with respect to any certificates, tax credits, entities created, or action taken in relation to this division. Such actions may include but are not limited to initiation of legal action, commencement of special investigations, institution of special audits of any involved entity, or establishment of receiverships. If such action is taken, the council may incur the necessary expense to perform such a duty or cause such a duty to be performed, and pay the same out of any money in the state treasury not otherwise appropriated.>

H8513.6166 (5) 84

-5-

tm/jp

5/20



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCH-2465

17. By striking page 6, line 46, through page 8, line 7.

18. Page 9, by striking lines 15 through 23.

19. Page 9, line 32, by striking <fifteen> and inserting <twenty>

20. Page 9, before line 37 by inserting:

<Sec. \_\_\_\_ . Section 257.37, subsections 1 and 2, Code 2011, are amended to read as follows:

1. For the budget year beginning July 1, 1991, and succeeding budget years, the total amount funded in each area for media services shall be computed as provided in this subsection. For the budget year beginning July 1, 1991, the total amount funded in each area for media services in the base year, ~~including the cost for media resource material which shall only be used for the purchase or replacement of material required in section 273.6, subsection 1, paragraphs "a", "b", and "c",~~ shall be divided by the enrollment served in the base year to provide an area media services cost per pupil in the base year, and the department of management shall compute the state media services cost per pupil in the base year which is equal to the average of the area media services costs per pupil in the base year. For the budget year beginning July 1, 1991, and succeeding budget years, the department of management shall compute the allowable growth for media services in the budget year by multiplying the state media services cost per pupil in the base year times the state percent of growth for the budget year, and the total amount funded in each area for media services cost in the budget year equals the area media services cost per pupil in the base year plus the allowable growth for media services in the budget year times the enrollment served in the budget year. Funds shall be paid to area education agencies as provided in section 257.35.

2. ~~Thirty~~ Up to thirty percent of the budget of an area for media services ~~shall~~ may be expended for media resource material ~~which shall only be used for~~ including the purchase or

H8513.6166 (5) 84

-6-

tm/jp

6/20



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCH-2465

replacement of material required in section 273.6, subsection 1. Funds shall be paid to area education agencies as provided in section 257.35.>

21. Page 10, by striking lines 5 through 7 and inserting <in section 97A.1, who was killed in the line of duty>

22. Page 10, by striking lines 13 through 15 and inserting <fighter, as defined in section 411.1, who was killed in the>

23. Page 10, by striking lines 20 through 23 and inserting <as defined in section 97B.49C, who was killed in the line of duty as>

24. Page 10, after line 25 by inserting:

<(4) Is the child of a fire fighter included under section 97B.49B, who was killed in the line of duty as determined by the Iowa public employees' retirement system in accordance with section 97B.52, subsection 2.>

25. By striking page 11, line 25, through page 12, line 7.

26. Page 13, before line 1 by inserting:

<Sec. \_\_\_\_. Section 476C.3, subsection 4, paragraph b, Code Supplement 2011, is amended to read as follows:

b. The maximum amount of energy production capacity equivalent of all other facilities the board may find eligible under this chapter shall not exceed a combined output of fifty-three megawatts of nameplate generating capacity and one hundred sixty-seven billion British thermal units of heat for a commercial purpose. Of the maximum amount of energy production capacity equivalent of all other facilities found eligible under this chapter, no more than ten megawatts of nameplate generating capacity or energy production capacity equivalent shall be allocated to any one facility. Of the maximum amount of energy production capacity equivalent of all other facilities found eligible under this chapter, fifty-five billion British thermal units of heat for a commercial purpose shall be reserved for an eligible facility that is a refuse conversion facility for processed, engineered fuel from a

H8513.6166 (5) 84

-7-

tm/jp

7/20



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCH-2465

multicounty solid waste management planning area. The maximum amount of energy production capacity the board may find eligible for a single refuse conversion facility is fifty-five billion British thermal units of heat for a commercial purpose. ~~Of the maximum amount of energy production capacity equivalent of all other facilities found eligible under this chapter, an amount equivalent to ten megawatts of nameplate generating capacity shall be reserved for eligible renewable energy facilities incorporated within or associated with an ethanol cogeneration plant engaged in the sale of ethanol to states to meet a low carbon fuel standard.~~

Sec. \_\_\_\_ . Section 476C.3, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. Notwithstanding the definition of *"eligible renewable energy facility"* in section 476C.1, subsection 6, unnumbered paragraph 1, of the maximum amount of energy production capacity equivalent of all other facilities found eligible pursuant to subsection 4, paragraph "b", an amount equivalent to ten megawatts of nameplate generating capacity shall be reserved for natural gas cogeneration facilities incorporated within or associated with an ethanol plant to assist the ethanol plant in meeting a low carbon fuel standard.>

27. Page 13, after line 14 by inserting:

<Sec. \_\_\_\_ . Section 511.8, subsection 19, Code Supplement 2011, is amended to read as follows:

19. *Other foreign government or corporate obligations.*

a. Bonds or other evidences of indebtedness, not to include currency, issued, assumed, or guaranteed by a foreign government other than Canada, or by a corporation incorporated under the laws of a foreign government other than Canada. Such governmental obligations must be valid, legally authorized and issued, and on the date of acquisition have predominantly investment qualities and characteristics as provided by



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCH-2465

rule. Such corporate obligations must meet the qualifications established in subsection 5 for bonds and other evidences of indebtedness issued, assumed, or guaranteed by a corporation incorporated under the laws of the United States or Canada. Foreign investments authorized by this subsection are not eligible in excess of ~~twenty~~ twenty-five percent of the legal reserve of the life insurance company or association. Investments in obligations of a foreign government, other than Canada ~~and~~, the United Kingdom, and foreign governments rated AAA by Standard and Poor's division of McGraw-Hill companies, inc., or Aaa by Moody's investors services, inc., are not eligible in excess of two percent of the legal reserve in the securities of foreign governments of any one foreign nation. Investments in obligations of the United Kingdom are not eligible in excess of four percent of the legal reserve. Investments in obligations of foreign governments rated either AAA by Standard and Poor's division of McGraw-Hill companies, inc., or Aaa by Moody's investors services, inc., are not eligible in excess of five percent of the legal reserve. Investments in a corporation incorporated under the laws of a foreign government other than Canada are not eligible in excess of two percent of the legal reserve in the securities of any one foreign corporation.

b. Eligible investments in foreign obligations under this subsection are limited to the types of obligations specifically referred to in this subsection. This subsection in no way limits or restricts investments in Canadian obligations and securities specifically authorized in other subsections of this section.

c. This subsection shall not authorize investment in evidences of indebtedness issued, assumed, or guaranteed by a foreign government which engages in a consistent pattern of gross violations of human rights.>

28. Page 15, line 5, by striking <2289.> and inserting

H8513.6166 (5) 84

-9-

tm/jp

9/20



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCH-2465  
<2289.>

29. Page 15, by striking lines 14 through 16 and inserting:  
<6. The section of this division of this Act relating to joint state-federal mortgage servicing settlement moneys.>

30. By striking page 25, line 43, through page 27, line 32.

31. By striking page 28, line 7, through page 30, line 44.

32. By striking page 30, line 45, through page 31, line 25.

33. By striking page 31, line 29, through page 34, line 39.

34. By striking page 42, line 23, through page 43, line 28.

35. Page 44, line 9, after <percent.> by inserting <An ordinance increasing the franchise fee rate to greater than five percent pursuant to this subparagraph division (b) shall not become effective unless approved at an election. After passage of the ordinance, the council shall submit the proposal at a special election held on a date specified in section 39.2, subsection 4, paragraph "b". If a majority of those voting on the proposal approves the proposal, the city may proceed as proposed. The complete text of the ordinance shall be included on the ballot and the full text of the ordinance posted for the voters pursuant to section 52.25. All absentee voters shall receive the full text of the ordinance along with the absentee ballot.>

36. By striking page 45, line 9, through page 46, line 5.

37. Page 46, by striking lines 8 and 9 and inserting:

<Sec. \_\_\_\_ . Section 256D.9, Code 2011, is amended to read as follows:

**256D.9 Future repeal.**

This chapter is repealed effective July 1, ~~2012~~ 2013.>

38. By striking page 46, line 12, through page 52, line 6.

39. By striking page 53, line 14, through page 57, line 44, and inserting:

<DIVISION \_\_\_\_

NAVIGATOR — INSURANCE

Sec. \_\_\_\_ . NEW SECTION. 522D.1 Definitions.

H8513.6166 (5) 84

-10-

tm/jp

10/20



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCH-2465

As used in this chapter, unless the context otherwise requires:

1. "Commissioner" means the commissioner of insurance.
2. "Navigator" means a public or private entity or an individual that is qualified and licensed, if appropriate, to engage in the activities and meet the standards described in 45 C.F.R. § 155.210.

Sec. \_\_\_\_ . NEW SECTION. **522D.2 License required.**

A person shall not act as a navigator in this state unless the person is licensed by the commissioner as required in this chapter.

Sec. \_\_\_\_ . NEW SECTION. **522D.3 Actions prohibited.**

A navigator shall not perform the functions of a person required to be licensed as an insurance producer under chapter 522B unless the navigator is licensed as a navigator pursuant to this chapter and as an insurance producer pursuant to chapter 522B.

Sec. \_\_\_\_ . NEW SECTION. **522D.4 Application for examination.**

1. An individual applying for a navigator license shall pass a written examination. The examination shall test the knowledge of the individual concerning the duties and responsibilities of a navigator and the insurance laws and regulations of this state. The commissioner shall adopt rules pursuant to chapter 17A related to the development and conduct of the examination.

2. The commissioner may make arrangements, including contracting with an outside testing service or other appropriate entity, for administering examinations and collecting fees.

3. An individual applying for an examination shall remit a nonrefundable fee as established by rule of the commissioner.

4. An individual who fails to appear for the examination as scheduled or fails to pass the examination shall reapply for an examination and remit all required fees and forms before being

H8513.6166 (5) 84

-11-

tm/jp

11/20



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCH-2465  
 rescheduled for another examination.

Sec. \_\_\_\_ . NEW SECTION. **522D.5 Application for license.**

1. A person applying for a navigator license shall make application to the commissioner on an application form approved by the commissioner and declare under penalty of refusal, suspension, or revocation of the license that the statements made on the application are true, correct, and complete to the best of the individual's knowledge and belief. Before approving the application, the commissioner shall find all of the following:

- a. The individual is at least eighteen years of age.
- b. The individual has not committed any act that is a ground for denial, suspension, or revocation as set forth in section 522D.7.
- c. The individual has paid the license fee, as established by the commissioner by rule.
- d. The individual has successfully completed the initial training and education program for a license as established by the commissioner by rule.
- e. The individual has successfully passed the examination as provided in section 522D.4.
- f. In order to protect the public interest, the individual has the requisite character and competence to receive a license as a navigator.

2. A public or private entity acting as a navigator may elect to obtain a navigator license. Application shall be made using the application form approved by the commissioner. Prior to approving the application, the commissioner shall find both of the following:

- a. The entity has paid the appropriate fees.
- b. The entity has designated a licensed navigator responsible for the entity's compliance with this chapter.

Sec. \_\_\_\_ . NEW SECTION. **522D.6 License.**

1. A person who meets the requirements of sections 522D.4



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCH-2465

and 522D.5, unless otherwise denied licensure pursuant to section 522D.7, shall be issued a navigator license. A navigator license is valid for three years.

2. A navigator license remains in effect unless revoked or suspended as long as all required fees are paid and continuing education requirements are met by any applicable due date. A navigator is required to complete continuing education requirements required by law in order to be eligible for license renewal.

3. A licensed navigator who is unable to comply with license renewal procedures due to military service or other extenuating circumstances may request a waiver of those procedures. The licensed navigator may also request a waiver of any examination requirement or any other penalty or sanction imposed for failure to comply with renewal procedures.

4. The license shall contain the licensee's name, address, personal identification number, the date of issuance, the expiration date, and any other information the commissioner deems necessary.

5. A licensee shall inform the commissioner by any means acceptable to the commissioner of a change of legal name or address within thirty days of the change. Failure to timely inform the commissioner of a change of legal name or address may result in a penalty as specified in section 522D.7.

6. The commissioner shall require by rule that a licensed navigator furnish a surety bond or other evidence of financial responsibility that protects all persons against wrongful acts, misrepresentations, errors, omissions, or negligence of the navigator.

7. In order to assist with the commissioner's duties, the commissioner may contract with a nongovernmental entity, including the national association of insurance commissioners or any affiliate or subsidiary the national association of insurance commissioners oversees, to perform any ministerial



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCH-2465

functions, including the collection of fees, related to navigator licensing that the commissioner deems appropriate.

Sec. \_\_\_\_ . NEW SECTION. 522D.7 License denial, nonrenewal, or revocation.

1. The commissioner may place on probation, suspend, revoke, or refuse to issue or renew a navigator's license or may levy a civil penalty as provided in section 522D.8 for any one or more of the following causes:

*a.* Providing incorrect, misleading, incomplete, or materially untrue information in the license application.

*b.* Violating any insurance laws, or violating any regulation, subpoena, or order of the commissioner or of a commissioner of another state.

*c.* Obtaining or attempting to obtain a license through misrepresentation or fraud.

*d.* Improperly withholding, misappropriating, or converting any moneys or properties received in the course of doing insurance business.

*e.* Intentionally misrepresenting the terms of an actual or proposed insurance contract or application for insurance.

*f.* Having been convicted of a felony.

*g.* Having admitted or been found to have committed any unfair insurance trade practice or fraud.

*h.* Using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere.

*i.* Having a navigator license, or its equivalent, denied, suspended, or revoked in any other state, province, district, or territory.

*j.* Forging another's name to an application for insurance or to any document related to an insurance transaction.

*k.* Improperly using notes or any other reference material to complete an examination for a navigator license.

H8513.6166 (5) 84

-14-

tm/jp

14/20



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCH-2465

l. Failing to comply with an administrative or court order imposing a child support obligation.

m. Failing to comply with an administrative or court order related to repayment of loans to the college student aid commission.

n. Failing to pay state income tax or comply with any administrative or court order directing payment of state income tax.

o. Failing or refusing to cooperate in an investigation by the commissioner.

2. If the commissioner does not renew a license or denies an application for a license, the commissioner shall notify the applicant or licensee and advise, in writing, the licensee or applicant of the reason for the nonrenewal of the license or denial of the application for a license. The licensee or applicant may request a hearing on the nonrenewal or denial. A hearing shall be conducted according to section 507B.6.

3. The license of a public or private entity operating as a navigator may be suspended, revoked, or refused if the commissioner finds, after hearing, that an individual navigator licensee's violation was known or should have been known by a partner, officer, or manager acting on behalf of the entity and the violation was not reported to the commissioner and corrective action was not taken.

4. In addition to, or in lieu of, any applicable denial, suspension, or revocation of a license, a person, after hearing, may be subject to a civil penalty as provided in section 522D.8.

5. The commissioner may conduct an investigation of any suspected violation of this chapter pursuant to section 507B.6 and may enforce the provisions and impose any penalty or remedy authorized by this chapter and chapter 507B against any person who is under investigation for, or charged with, a violation of either chapter even if the person's license has been

H8513.6166 (5) 84

-15-

tm/jp

15/20



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCH-2465

surrendered or has lapsed by operation of law.

6. *a.* In order to assure a free flow of information for accomplishing the purposes of this section, all complaint files, investigation files, other investigation reports, and other investigative information in the possession of the commissioner or the commissioner's employees or agents that relates to licensee discipline are privileged and confidential, and are not subject to discovery, subpoena, or other means of legal compulsion for their release to a person other than the licensee, and are not admissible in evidence in a judicial or administrative proceeding other than the proceeding involving licensee discipline. A final written decision of the commissioner in a disciplinary proceeding is a public record.

*b.* Investigative information in the possession of the commissioner or the commissioner's employees or agents that relates to licensee discipline may be disclosed, in the commissioner's discretion, to appropriate licensing authorities within this state, the appropriate licensing authority in another state, the District of Columbia, or a territory or country in which the licensee is licensed or has applied for a license.

*c.* If the investigative information in the possession of the commissioner or the commissioner's employees or agents indicates a crime has been committed, the information shall be reported to the proper law enforcement agency.

*d.* Pursuant to the provisions of section 17A.19, subsection 6, upon an appeal by the licensee, the commissioner shall transmit the entire record of the contested case to the reviewing court.

*e.* Notwithstanding the provisions of section 17A.19, subsection 6, if a waiver of privilege has been involuntary and evidence has been received at a disciplinary hearing, the court shall issue an order to withhold the identity of the individual whose privilege was waived.

H8513.6166 (5) 84

-16-

tm/jp

16/20



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCH-2465

Sec. \_\_\_\_ . NEW SECTION. **522D.8 Cease and desist orders — penalties.**

1. A navigator who, after hearing, is found to have violated this chapter, may be ordered to cease and desist from engaging in the conduct resulting in the violation and may be assessed a civil penalty pursuant to chapter 507B.

2. If a person does not comply with an order issued pursuant to this section, the commissioner may petition a court of competent jurisdiction to enforce the order. The court shall not require the commissioner to post a bond in an action or proceeding under this section. If the court finds, after notice and opportunity for hearing, that the person is not in compliance with an order, the court may adjudge the person to be in civil contempt of the order. The court may impose a civil penalty against the person for contempt in an amount not less than three thousand dollars but not greater than ten thousand dollars for each violation and may grant any other relief that the court determines is just and proper in the circumstances.

Sec. \_\_\_\_ . NEW SECTION. **522D.9 Injunctive relief.**

1. A person may bring an action in district court to enjoin another person from acting as a navigator in violation of section 522D.2. However, before bringing an action in district court to enjoin a person pursuant to this section, the person shall file a complaint with the insurance division alleging that another person is acting as a navigator in violation of section 522D.2.

2. If the division makes a determination to proceed administratively against the person for a violation of section 522D.2, the complainant shall not bring an action in district court against the person pursuant to this section based upon the allegations contained in the complaint filed with the division.

3. If the division does not make a determination to proceed administratively against the person for a violation of section

H8513.6166 (5) 84

-17-

tm/jp

17/20



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCH-2465

522D.2, the division shall issue, by ninety days from the date of filing of the complaint, a release to the complainant that permits the complainant to bring an action in district court pursuant to this section.

4. The filing of a complaint with the division pursuant to this section tolls the statute of limitations pursuant to section 614.1 as to the alleged violation for a period of one hundred twenty days from the date of filing the complaint.

5. Any action brought in district court by a complainant against a person pursuant to this section, based upon the allegations contained in the complaint filed with the division, shall be brought within one year after the ninety-day period following the filing of the complaint with the division, or the date of the issuance of a release by the division, whichever is earlier.

6. If the court finds that the person is in violation of section 522D.2 and enjoins the person from acting as a navigator in violation of that section, the court's findings of fact and law, and the judgment and decree, when final, shall be admissible in any proceeding initiated pursuant to section 522D.8 by the commissioner against the person enjoined and the person enjoined shall be precluded from contesting in that proceeding the court's determination that the person acted as a navigator in violation of section 522D.2.

Sec. \_\_\_\_ . NEW SECTION. **522D.10 Rules.**

The commissioner may adopt rules pursuant to chapter 17A as are necessary or proper to carry out the purposes of this chapter.

Sec. \_\_\_\_ . NEW SECTION. **522D.11 Severability.**

If any provision of this chapter or its application to any person or circumstance is held invalid by a court of competent jurisdiction or by federal law, the invalidity does not affect other provisions or applications of the chapter that can be given effect without the invalid provision or application, and



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCH-2465

to this end the provisions of the chapter are severable and the valid provisions or applications shall remain in full force and effect.

Sec. \_\_\_\_ . NEW SECTION. **522D.12 Future repeal.**

If the federal law providing for the sale of qualified health benefit plans of the state is repealed by federal legislation or is ruled invalid by a decision of the United States supreme court, the commissioner shall notify the Iowa Code editor of the effective date of the repeal or the date of the ruling. This chapter is repealed on the effective date of such federal legislation or the date of the United States supreme court decision.

DIVISION \_\_\_\_

CAPITAL GAIN DEDUCTION FOR SALE TO AN IOWA ESOP

Sec. \_\_\_\_ . Section 422.7, subsection 21, Code Supplement 2011, is amended by adding the following new paragraph:

NEW PARAGRAPH. *e.* (1) To the extent not already excluded, fifty percent of the net capital gain from the sale or exchange of employer securities of an Iowa corporation to a qualified Iowa employee stock ownership plan when, upon completion of the transaction, the qualified Iowa employee stock ownership plan owns at least thirty percent of all outstanding employer securities issued by the Iowa corporation.

(2) For purposes of this paragraph:

(a) *"Employer securities"* means the same as defined in section 409(1) of the Internal Revenue Code.

(b) *"Iowa corporation"* means a corporation whose commercial domicile, as defined in section 422.32, is in this state.

(c) *"Qualified Iowa employee stock ownership plan"* means an employee stock ownership plan, as defined in section 4975(e)(7) of the Internal Revenue Code, and trust that are established by an Iowa corporation for the benefit of the employees of the corporation.

Sec. \_\_\_\_ . RETROACTIVE APPLICABILITY. This division of this

H8513.6166 (5) 84

-19-

tm/jp

19/20



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCH-2465

Act applies retroactively to January 1, 2012, for tax years beginning on or after that date.>

40. By renumbering as necessary.

ON THE PART OF THE HOUSE:

ON THE PART OF THE SENATE:

\_\_\_\_\_  
 J. SCOTT RAECKER, CHAIRPERSON

\_\_\_\_\_  
 ROBERT E. DVORSKY, CHAIRPERSON

\_\_\_\_\_  
 MARK LOFGREN

\_\_\_\_\_  
 MICHAEL E. GRONSTAL

\_\_\_\_\_  
 TYLER OLSON

\_\_\_\_\_  
 JOHN P. KIBBIE

\_\_\_\_\_  
 KIRSTEN RUNNING-MARQUARDT

\_\_\_\_\_  
 NICK WAGNER



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284

REPORT OF THE CONFERENCE COMMITTEE  
ON SENATE FILE 2284

To the President of the Senate and the Speaker of the House  
of Representatives:

We, the undersigned members of the conference committee  
appointed to resolve the differences between the Senate and  
House of Representatives on Senate File 2284, a bill for an  
Act relating to programs and activities under the purview of  
the department of education, the state board of education, the  
board of educational examiners, the state board of regents,  
school districts, and accredited nonpublic schools, and



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCS-2284

including effective date provisions, respectfully make the following report:

1. That the House recedes from its amendment, S-5216.
2. That Senate File 2284, as amended, passed, and reprinted by the Senate, is amended to read as follows:
  1. By striking everything after the enacting clause and inserting:

<DIVISION I

COMPETENCY-BASED INSTRUCTION

Section 1. Section 256.7, subsection 26, paragraph a, Code Supplement 2011, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (02) The rules shall allow a school district or accredited nonpublic school to award high school credit to an enrolled student upon the demonstration of required competencies for a course or content area, as approved by a teacher licensed under chapter 272. The school district or accredited nonpublic school shall determine the assessment methods by which a student demonstrates sufficient evidence of the required competencies.

Sec. 2. COMPETENCY-BASED INSTRUCTION TASK FORCE.

1. The department of education shall appoint a task force to conduct a study regarding competency-based instruction standards and options and the integration of competency-based instruction with the Iowa core curriculum, and to develop related assessment models and professional development focused on competency-based instruction.

2. At a minimum, the task force shall do all of the following:

- a. Redefine the Carnegie unit into competencies.
- b. Construct personal learning plans and templates.
- c. Develop student-centered accountability and assessment models.
- d. Empower learning through technology.

SF2284.6149 (5) 84

-2-

kh/rj

2/33



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCS-2284

e. Develop supports and professional development for educators to transition to a competency-based system.

3. The task force shall be comprised of at least twelve members, nine of whom shall represent education stakeholders and practitioners knowledgeable about the Iowa core curriculum; one of whom shall be the deputy director and administrator of the division of learning and results of the department of education or the deputy director's designee; one of whom shall represent the area education agencies; and one of whom shall represent the Iowa state education association.

4. The person representing the area education agency shall convene the initial meeting. The task force shall elect one of its members as chairperson. After the initial meeting, the task force shall meet at the time and place specified by call of the chairperson. The department of education shall provide staffing services for the task force.

5. a. The task force shall submit a preliminary report that includes but is not limited to its findings and recommendations relating to subsection 2, paragraphs "b", "d", and "e", by January 15, 2013.

b. The task force shall submit its plan, findings, models, and recommendations in a final report to the state board of education, the governor, and the general assembly by November 15, 2013.

Sec. 3. EFFECTIVE UPON ENACTMENT. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION II

ASSESSMENT OF STUDENT PROGRESS ON CORE ACADEMIC INDICATORS

Sec. 4. Section 256.7, subsection 21, paragraph b, Code Supplement 2011, is amended to read as follows:

b. A set of core academic indicators in mathematics and reading in grades four, eight, and eleven, a set of core academic indicators in science in grades eight and eleven,



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

and another set of core indicators that includes, but is not limited to, graduation rate, postsecondary education, and successful employment in Iowa. Annually, the department shall report state data for each indicator in the condition of education report. Rules adopted pursuant to this subsection shall specify that the approved district-wide assessment of student progress administered for purposes of this paragraph shall be the assessment utilized by school districts statewide in the school year beginning July 1, 2011. The state board may submit to the general assembly recommendations the state board deems appropriate for modifications of assessments of student progress administered for purposes of this paragraph.

DIVISION III

TEACHER AND ADMINISTRATOR MATTERS

Sec. 5. Section 284.6, subsection 8, Code Supplement 2011, is amended to read as follows:

8. For each year in which a school district receives funds calculated and paid to school districts for professional development pursuant to section 257.10, subsection 10, or section 257.37A, subsection 2, the school district shall create quality professional development opportunities. Not less than thirty-six hours in the school calendar, held outside of the minimum school day, shall be set aside during nonpreparation time or designated professional development time to allow practitioners to collaborate with each other to deliver educational programs and assess student learning, or to engage in peer review pursuant to section 284.8, subsection 1. The goal for the use of the funds is to provide one additional contract day or the equivalent thereof for professional development, and use of the funds is limited to providing professional development to teachers, including additional salaries for time beyond the normal negotiated agreement; pay for substitute teachers, professional development materials, speakers, and professional development content; and costs

SF2284.6149 (5) 84

-4-

kh/rj

4/33



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284

associated with implementing the individual professional development plans. The use of the funds shall be balanced between school district, attendance center, and individual professional development plans, making every reasonable effort to provide equal access to all teachers.

Sec. 6. Section 284.8, subsection 1, Code 2011, is amended to read as follows:

1. A school district shall provide for an annual review a of each teacher's performance at least once every three years for purposes of assisting teachers in making continuous improvement, documenting continued competence in the Iowa teaching standards, identifying teachers in need of improvement, or to determine whether the teacher's practice meets school district expectations for career advancement in accordance with section 284.7. The review shall include, at minimum, classroom observation of the teacher, the teacher's progress, and implementation of the teacher's individual professional development plan, subject to the level of resources provided to implement the plan; and shall include supporting documentation from parents, students, and other teachers. The first and second year of review shall be conducted by a peer group of teachers. The peer group shall review all of the peer group members. Peer group reviews shall be formative and shall be conducted on an informal, collaborative basis that is focused on assisting each peer group member in achieving the goals of the teacher's individual professional development plan. Peer group reviews shall not be the basis for recommending that a teacher participate in an intensive assistance program, and shall not be used to determine the compensation, promotion, layoff, or termination of a teacher, or any other determination affecting a teacher's employment status. However, as a result of a peer group review, a teacher may elect to participate in an intensive assistance program. Members of the peer group shall be

SF2284.6149 (5) 84

-5-

kh/rj

5/33



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCS-2284

reviewed every third year by at least one evaluator certified in accordance with section 284.10.

Sec. 7. Section 284A.7, Code 2011, is amended to read as follows:

**284A.7 Evaluation requirements for administrators.**

A school district shall conduct an annual evaluation of an administrator who holds a professional administrator license issued under chapter 272 ~~at least once every three years~~ for purposes of assisting the administrator in making continuous improvement, documenting continued competence in the Iowa standards for school administrators adopted pursuant to section 256.7, subsection 27, or to determine whether the administrator's practice meets school district expectations. The ~~review~~ evaluation shall include, at a minimum, an assessment of the administrator's competence in meeting the Iowa standards for school administrators and the goals of the administrator's individual professional development plan, including supporting documentation or artifacts aligned to the Iowa standards for school administrators and the individual administrator's professional development plan.

Sec. 8. REPEAL. Section 284.14A, Code 2011, is repealed.

Sec. 9. STATEWIDE EDUCATOR EVALUATION SYSTEM TASK FORCE.

1. The director of the department of education shall convene a task force to conduct a study regarding a statewide teacher evaluation system and a statewide administrator evaluation system.

2. The task force shall be comprised of at least twelve members as follows:

a. Eight members shall be appointed by the director to represent education stakeholders and practitioners knowledgeable about the Iowa core curriculum and may include members currently serving on the department's teacher quality partnership teacher evaluation team.

b. One member shall be the deputy director and administrator

SF2284.6149 (5) 84

-6-

kh/rj

6/33



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284

of the division of learning and results of the department of education or the deputy director's designee.

c. One member shall represent the area education agencies.

d. One member shall represent a certified employee organization representing teachers licensed under chapter 272.

e. One member shall represent a statewide organization representing school administrators licensed under chapter 272.

3. The person representing the area education agency shall convene the initial meeting. The task force shall elect one of its members as chairperson. After the initial meeting, the task force shall meet at the time and place specified by call of the chairperson. The department of education shall provide staffing services for the task force.

4. To the extent possible, appointments shall be made to provide geographical area representation and to comply with sections 69.16, 69.16A, and 69.16C.

5. The task force shall develop a statewide teacher evaluation system and a statewide administrator evaluation system that standardize the instruments and processes used by school districts, charter schools, and accredited nonpublic schools throughout the state to evaluate teachers and administrators. The components of the statewide teacher evaluation system shall include but not be limited to the following:

a. Direct observation of classroom teaching behaviors.

b. Balanced consideration of student growth measures, when available for tested subjects and grades, to supplement direct observation of classroom teaching behaviors.

c. Integration of the Iowa teaching standards.

d. System applicability to teachers in all content areas taught in a school.

6. The task force, at a minimum, shall include in its recommendations and proposal a tiered evaluation system that differentiates ineffective, minimally effective, effective, and

SF2284.6149 (5) 84

-7-

kh/rj

7/33



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284

highly effective performance by teachers and administrators.

7. The task force shall submit its findings, recommendations, and a proposal for each system to the general assembly by October 15, 2012.

Sec. 10. IOWA TEACHING STANDARDS AND CRITERIA REVIEW TASK FORCE.

1. The department of education shall convene a task force to identify and recommend measures to improve the Iowa teaching standards and criteria and align the Iowa teaching standards with best practices and nationally accepted standards, and to identify and recommend measures to improve the educator evaluations conducted based on the Iowa teaching standards. The task force shall recommend changes to the Iowa Code as appropriate.

2. The task force shall consist of teachers, administrators, and representatives of the department of education, the board of educational examiners, an organization representing teachers, an organization representing school boards, accredited institutions of higher education, and any other appropriate educational stakeholders.

3. The task force shall submit its findings and recommendations, including recommendations for changes to the Iowa Code as appropriate, to the general assembly by November 15, 2012.

Sec. 11. TEACHER PERFORMANCE, COMPENSATION, AND CAREER DEVELOPMENT TASK FORCE.

1. The director of the department of education shall appoint, and provide staffing services for, a teacher performance, compensation, and career development task force to develop recommendations for a new teacher compensation system to replace the current teacher compensation system which addresses, at a minimum, the following:

a. The duties and responsibilities of apprentice, career, mentor, and master teachers.

SF2284.6149 (5) 84

-8-

kh/rj

8/33



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCS-2284

b. Utilizing retired teachers as mentors.

c. Strategic and meaningful uses of finite resources and the realignment of resources currently available.

d. Mechanisms to substantially increase the average salary of teachers who assume leadership roles within the profession.

e. Standardizing implementation of task force recommendations in all of Iowa's school districts and public charter schools.

2. The task force shall also propose a peer coaching pilot project to expand excellence in the teaching profession. The proposal shall include recommendations for peer coaching criteria goals, strategies, documentation of progress, incentives for participation, and program evaluation.

3. The director of the department of education shall appoint and provide staffing services for a task force whose members shall represent teachers, parents, school administrators, and business and community leaders. Insofar as practicable, appointments shall be made to provide geographical area representation and to comply with sections 69.16, 69.16A, and 69.16C.

4. The task force shall submit its findings, recommendations, and pilot project proposal in a report to the state board of education, the governor, and the general assembly by October 15, 2012.

Sec. 12. EFFECTIVE UPON ENACTMENT. The section of this division of this Act providing for the appointment of the teacher performance, compensation, and career development task force, being deemed of immediate importance, takes effect upon enactment.

DIVISION IV  
ONLINE LEARNING

Sec. 13. Section 256.2, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 2A. *"Online learning"* and *"online*

SF2284.6149 (5) 84

-9-

kh/rj

9/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

*coursework* mean educational instruction and content which are delivered primarily over the internet. *Online learning* and *online coursework* do not include print-based correspondence education, broadcast television or radio, videocassettes, or stand-alone educational software programs that do not have a significant internet-based instructional component.

Sec. 14. Section 256.7, subsection 7, paragraph d, Code Supplement 2011, is amended to read as follows:

*d. For the purpose purposes of the rules adopted by the state board, telecommunications this chapter, "telecommunications" means narrowcast communications through systems that are directed toward a narrowly defined audience and includes interactive live communications. For purposes of this chapter, "telecommunications" does not include online learning.*

Sec. 15. Section 256.7, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 33. *a.* Adopt rules for online learning in accordance with sections 256.24, 256.24A, and 256.27, and criteria for waivers granted pursuant to section 256.24.

*b.* Except as provided in paragraph *c*, adopt rules prohibiting the open enrollment of students whose educational instruction and course content are delivered primarily over the internet.

*c.* Adopt rules that limit the statewide enrollment of pupils in educational instruction and course content that are delivered primarily over the internet to not more than eighteen one-hundredths of one percent of the statewide enrollment of all pupils, and that limit the number of pupils participating in open enrollment for purposes of receiving educational instruction and course content that are delivered primarily over the internet to no more than one percent of a sending district's enrollment. Until June 30, 2015, students who meet the requirements of section 282.18 may participate in open

SF2284.6149 (5) 84

-10-

kh/rj

10/33



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284

enrollment under this paragraph "c" for purposes of enrolling only in the CAM community school district or the Clayton Ridge community school district.

(1) School districts providing educational instruction and course content that are delivered primarily over the internet pursuant to this paragraph "c" shall annually submit to the department, in the manner prescribed by the department, data that includes but is not limited to student achievement and demographic characteristics, retention rates, and the percentage of enrolled students' active participation in extracurricular activities.

(2) The department shall conduct annually a survey of not less than ten percent of the total number of students enrolled as authorized under this paragraph "c" and section 282.18, and not less than one hundred percent of the students in those districts who are enrolled as authorized under this paragraph "c" and section 282.18 and who are eligible for free or reduced price meals under the federal National School Lunch Act and the federal Child Nutrition Act of 1966, 42 U.S.C. §§ 1751-1785, to determine whether students are enrolled under this paragraph "c" and section 282.18 to receive educational instruction and course content primarily over the internet or are students who are receiving competent private instruction from a licensed practitioner provided through a school district pursuant to chapter 299.

(3) The department shall compile and review the data collected pursuant to this paragraph "c" and shall submit its findings and recommendations for the continued delivery of instruction and course content by school districts pursuant to this paragraph "c", in a report to the general assembly by January 15 annually.

(4) This paragraph "c" is repealed July 1, 2015.

Sec. 16. Section 256.9, Code Supplement 2011, is amended by adding the following new subsection:

SF2284.6149 (5) 84

-11-

kh/rj

11/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

NEW SUBSECTION. 65. Develop and establish an online learning program model in accordance with rules adopted pursuant to section 256.7, subsection 33, paragraph "a", and in accordance with section 256.27.

Sec. 17. NEW SECTION. 256.24 Iowa learning online initiative.

1. An Iowa learning online initiative is established within the department to partner with school districts and accredited nonpublic schools to provide distance education to high school students statewide. The department shall utilize a variety of content repositories, including those maintained by the area education agencies and the public broadcasting division, in administering the initiative.

2. The initiative shall include an online learning program model designed to prepare teachers to meet the needs of students in an online learning environment, including but not limited to building community interaction and support, developing strategies for working with virtual students, and assessing virtual students.

3. Coursework offered under the initiative shall be taught by a teacher licensed under chapter 272 who has completed an online-learning-for-Iowa-educators-professional-development project offered by area education agencies, a teacher preservice program, or comparable coursework.

4. Each participating school district and accredited nonpublic school shall submit its online curricula to the department for review. Each participating school district and accredited nonpublic school shall include in its comprehensive school improvement plan submitted pursuant to section 256.7, subsection 21, a list and description of the online coursework offered by the district.

5. Under the initiative, students must be enrolled in a participating school district or accredited nonpublic school, which is responsible for recording grades received for



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284

initiative coursework in a student's permanent record, awarding high school credit for initiative coursework, and issuing high school diplomas to students enrolled in the district or school who participate and complete coursework under the initiative. Each participating school shall identify a site coordinator to serve as a student advocate and as a liaison between the initiative staff and teachers and the school district or accredited nonpublic school.

6. Coursework offered under the initiative shall be rigorous and high quality, and the department shall annually evaluate the quality of the courses, ensure that coursework is aligned with the state's core curriculum and core content requirements and standards, as well as national standards of quality for online courses issued by an internationally recognized association for kindergarten through grade twelve online learning.

7. The department may waive for one year the provisions of section 256.11, subsection 5, which require that specified subjects be offered and taught by professional staff of a school district or school, if the school district or school makes every reasonable and good faith effort to employ a teacher licensed under chapter 272 for such a subject, and the school district or school proves to the satisfaction of the department that the school district or school is unable to employ such a teacher. The specified subject shall be provided by the initiative.

**Sec. 18. NEW SECTION. 256.24A Online learning requirements — legislative findings and declarations.**

1. The general assembly finds and declares the following:  
a. That prior legislative enactments on the use of telecommunications in elementary and secondary school classes and courses did not contemplate and were not intended to authorize participation in open enrollment under section 282.18 for purposes of attending online schools, contracts to provide

SF2284.6149 (5) 84

-13-

kh/rj

13/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

exclusively or predominantly online coursework to students, or online coursework that does not use teachers licensed under chapter 272 for instruction and supervision.

*b.* That online learning technology has moved ahead of Iowa's statutory framework and the current administrative rules of the state board, promulgated over twenty years ago, are inadequate to regulate today's virtual opportunities.

2. Online learning curricula shall be provided and supervised by a teacher licensed under chapter 272.

Sec. 19. NEW SECTION. **256.27 Online learning program model.**

1. *Online learning program model established.* The director, pursuant to section 256.9, subsection 65, shall establish an online learning program model that provides for the following:

*a.* Online access to high-quality content, instructional materials, and blended learning.

*b.* Coursework customized to the needs of the student using online content.

*c.* A means for a student to demonstrate competency in completed online coursework.

*d.* High-quality online instruction taught by teachers licensed under chapter 272.

*e.* Online content and instruction evaluated on the basis of student learning outcomes.

*f.* Use of funds available for online learning for program development, implementation, and innovation.

*g.* Infrastructure that supports online learning.

*h.* Online administration of online course assessments.

*i.* Criteria for school districts or schools to use when choosing providers of online learning to meet the online learning program requirements specified in rules adopted pursuant to section 256.7, subsection 33, paragraph "a".

2. *Private providers.* At the discretion of the school board or authorities in charge of an accredited nonpublic school, after consideration of circumstances created by necessity,

SF2284.6149 (5) 84

-14-

kh/rj

14/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

convenience, and cost-effectiveness, courses developed by private providers may be utilized by the school district or school in implementing a high-quality online learning program. Courses obtained from private providers shall be taught by teachers licensed under chapter 272.

3. *Grading.* Grades in online courses shall be based, at a minimum, on whether a student mastered the subject, demonstrated competency, and met the standards established by the school district. Grades shall be conferred only by teachers licensed under chapter 272.

4. *Accreditation criteria.* All online courses and programs shall meet existing accreditation standards.

Sec. 20. Section 256.33, subsection 3, Code 2011, is amended to read as follows:

3. Priority shall be given to programs integrating ~~telecommunications~~ educational technology into the classroom. The department may award grants to school corporations and higher education institutions to perform the functions listed in this section.

Sec. 21. **ONLINE LEARNING — INTERIM STUDY.** The legislative council is requested to establish an interim study committee relating to online learning and programming for school districts and related educational issues. The objective of the study shall be to review the appropriate use of online learning by school districts, the appropriate levels and sources of funding for online learning, partnerships between school districts and private providers of online programs, and the potential use of online learning as the exclusive means to provide coursework required under the state’s educational standards. The study shall identify opportunities between interested agencies and entities involved in or potentially involved in online learning activities, including but not limited to K-12 schools, area education agencies, institutions of higher learning, the public broadcasting division of



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

the department of education, the department of education, and the Iowa communications network. The committee shall review the benefits of using the department of education's Iowa learning online initiative as the sole source of online learning for Iowa's school districts. The committee shall submit recommendations for the establishment of an online learning program model in accordance with section 256.27 to the director of the department of education by December 14, 2012. The committee is directed to submit its findings and recommendations in a report to the general assembly by December 14, 2012.

DIVISION V

BOARD OF EDUCATIONAL EXAMINERS PROVISIONS

Sec. 22. Section 272.5, Code 2011, is amended to read as follows:

**272.5 Compensation of board, — executive director.**

1. Members shall be reimbursed for actual and necessary expenses incurred while engaged in their official duties and may be entitled to per diem compensation as authorized under section 7E.6. For duties performed during an ordinary school day by a member who is employed by a school corporation or state university, the member shall also receive regular compensation from the school or university. However, the member shall reimburse the school or university in the amount of the per diem compensation received.

2. The governor shall appoint an executive director of the board of educational examiners subject to confirmation by the senate. The director shall possess a background in education licensure and administrative experience and shall serve at the pleasure of the governor. The board of educational examiners shall set the salary of the executive director within the range established for the position by the general assembly.

Sec. 23. Section 272.25, subsection 1, Code 2011, is amended to read as follows:

SF2284.6149 (5) 84

-16-

kh/rj

16/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

1. A requirement that each student admitted to an approved practitioner preparation program must participate in field experiences that include both observation and participation in teaching activities in a variety of school settings. These field experiences shall comprise a total of at least fifty hours in duration, at least ten hours of which shall occur prior to a student's acceptance in an approved practitioner preparation program. The student teaching experience shall be a minimum of ~~twelve~~ fourteen weeks in duration during the student's final year of the practitioner preparation program. The program must make every reasonable effort to offer the student teaching experience prior to a student's last semester, or equivalent, in the program, and to expand the student's student teaching opportunities beyond one semester or the equivalent.

DIVISION VI

SCHOOL ADMINISTRATION MANAGER

Sec. 24. Section 256.7, subsection 30, Code Supplement 2011, is amended to read as follows:

30. Set standards and procedures for the approval of training programs for individuals who seek an authorization issued by the board of educational examiners for ~~employment~~ the following:

a. Employment as a school business official responsible for the financial operations of a school district.

b. Employment as a school administration manager responsible for assisting a school principal in performing noninstructional duties.

Sec. 25. Section 272.1, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 11A. "*School administration manager*" means a person who is authorized to assist a school principal in performing noninstructional administrative duties.

Sec. 26. Section 272.31, Code 2011, is amended by adding the

SF2284.6149 (5) 84

-17-

kh/rj

17/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

following new subsection:

NEW SUBSECTION. 2A. The board shall issue a school administration manager authorization to an individual who successfully completes a training program that meets the standards set by the state board pursuant to section 256.7, subsection 30, and who complies with rules adopted by the state board pursuant to subsection 3.

DIVISION VII

STATE BOARD OF REGENTS PROVISIONS

Sec. 27. Section 262.9, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 36. Implement continuous improvement in every undergraduate program offered by an institution of higher education governed by the board.

a. A continuous improvement plan shall be developed and implemented built upon the results of the institution's student outcomes assessment program using the following phase-in timeline:

(1) For each course with typical annual enrollment of three hundred or more, whether in one or multiple sections, a continuous improvement plan shall be developed and implemented beginning in the fall semester of 2013.

(2) For each course with typical annual enrollment of two hundred or more but less than three hundred, whether in one or multiple sections, a continuous improvement plan shall be developed and implemented beginning in the fall semester of 2014.

(3) For each course with a typical annual enrollment of one hundred or more but less than two hundred, whether in one or multiple sections, a continuous improvement plan shall be developed and implemented beginning in the fall semester of 2015.

b. For each undergraduate course the institution shall collect and use the results of formative and summative



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

assessments in its continuous improvement plan. The board shall annually evaluate the effectiveness of the plans and shall submit an executive summary of its findings and recommendations in its annual strategic plan progress report, a copy of which shall be submitted to the general assembly.

Sec. 28. NEW SECTION. **262.94 College readiness and awareness programs.**

The state board of regents may establish or contract to establish programs designed to increase college readiness and college awareness in potential first-generation college students and underrepresented populations. The programs may include but shall not be limited to college go center programs and science bound programs.

DIVISION VIII

NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS AWARDS

Sec. 29. Section 256.44, subsection 1, paragraph a, Code 2011, is amended to read as follows:

a. If a teacher registers for national board for professional teaching standards certification ~~by~~ after December 31, 2007, a one-time initial reimbursement award in the amount of up to one-half of the registration fee paid by the teacher for registration for certification by the national board for professional teaching standards. The teacher shall apply to the department ~~within one year of registration~~ in a manner and according to procedures required by the department, submitting to the department any documentation the department requires. A teacher who receives an initial reimbursement award shall receive a one-time final registration award in the amount of the remaining national board registration fee paid by the teacher if the teacher notifies the department of the teacher's certification achievement and submits any documentation requested by the department.

Sec. 30. Section 256.44, subsection 1, paragraph b, subparagraph (1), subparagraph division (b), Code 2011, is

SF2284.6149 (5) 84



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCS-2284

amended to read as follows:

(b) If the teacher registers for national board for professional teaching standards certification ~~between January 1, 1999, and December 31, 2007,~~ and achieves certification within the timelines and policies established by the national board for professional teaching standards, an annual award in the amount of two thousand five hundred dollars upon achieving certification by the national board of professional teaching standards.

DIVISION IX

EARLY CHILDHOOD LITERACY

Sec. 31. Section 256.7, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 32. *a.* By July 1, 2013, adopt by rule guidelines for school district implementation of section 279.69, including but not limited to basic levels of reading proficiency on approved locally determined or statewide assessments and identification of tools that school districts may use in evaluating and reevaluating any student who may be or who is determined to be deficient in reading, including but not limited to initial assessments and subsequent assessments, alternative assessments, and portfolio reviews. The state board shall adopt standards that provide a reasonable expectation that a student's progress toward reading proficiency under section 279.69 is sufficient to master appropriate grade four level reading skills prior to the student's promotion to grade four.

*b.* Adopt rules for the Iowa reading research center and for implementation of the intensive summer literacy program developed and administered pursuant to section 256.9, subsection 53.

Sec. 32. Section 256.9, subsection 53, Code Supplement 2011, is amended by adding the following new paragraph:

NEW PARAGRAPH. *c.* Establish, subject to an appropriation of

SF2284.6149 (5) 84

-20-

kh/rj

20/33



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284

funds by the general assembly, an Iowa reading research center.

(1) The purpose of the center shall be to apply current research on literacy to provide for the development and dissemination of all of the following:

(a) Instructional strategies for prekindergarten through grade twelve to achieve literacy proficiency that includes reading, reading comprehension, and writing for all students.

(b) Strategies for identifying and providing evidence-based interventions for students, beginning in kindergarten, who are at risk of not achieving literacy proficiency.

(c) Models for effective school and community partnerships to improve student literacy.

(d) Reading assessments.

(e) Professional development strategies and materials to support teacher effectiveness in student literacy development.

(f) Data reports on attendance center, school district, and statewide progress toward literacy proficiency in the context of student, attendance center, and school district demographic characteristics.

(g) An intensive summer literacy program. The center shall establish program criteria and guidelines for implementation of the program by school districts, under rules adopted by the state board pursuant to section 256.7, subsection 32.

(2) The first efforts of the center shall focus on kindergarten through grade three. The center shall draw upon national and state expertise in the field of literacy proficiency, including experts from Iowa's institutions of higher education and area education agencies with backgrounds in literacy development. The center shall seek support from the Iowa research community in data report development and analysis of available information from Iowa education data sources. The center shall work with the department to identify additional needs for tools and technical assistance for Iowa schools to help schools achieve literacy proficiency goals

SF2284.6149 (5) 84

-21-

kh/rj

21/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

and seek public and private partnerships in developing and accessing necessary tools and technical assistance.

(3) The center shall submit a report of its activities to the general assembly by January 15 annually.

Sec. 33. Section 279.60, Code 2011, is amended to read as follows:

**279.60 ~~Kindergarten assessment~~ Assessments — access to data — reports.**

1. Each school district shall administer a kindergarten readiness assessment prescribed by the department of education to every resident prekindergarten or four-year-old child whose parent or guardian enrolls the child in the district. The assessment shall be aligned with state early learning standards and preschool programs shall be encouraged to administer the assessment at least at the beginning and end of the preschool program, with the assessment information entered into the statewide longitudinal data system. The department shall work to develop agreements with head start programs to incorporate similar information about four-year-old children served by head start into the statewide longitudinal data system.

2. a. Each school district shall administer the dynamic indicators of basic early literacy skills kindergarten benchmark assessment or other kindergarten benchmark assessment adopted by the department of education in consultation with the early childhood Iowa state board to every kindergarten student enrolled in the district not later than the date specified in section 257.6, subsection 1. The school district shall also collect information from each parent, guardian, or legal custodian of a kindergarten student enrolled in the district, including but not limited to whether the student attended preschool, factors identified by the early childhood Iowa office pursuant to section 256I.5, and other demographic factors. Each school district shall report the results of the assessment and the preschool information collected to

SF2284.6149 (5) 84

-22-

kh/rj

22/33



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284

the department of education in the manner prescribed by the department not later than January 1 of that school year. The early childhood Iowa office in the department of management shall have access to the raw data. The department shall review the information submitted pursuant to this section and shall submit its findings and recommendations annually in a report to the governor, the general assembly, the early childhood Iowa state board, and the early childhood Iowa area boards.

*b.* This subsection is repealed July 1, 2013.

3. Each school district shall administer the Iowa assessments, created by the state university of Iowa, to all students enrolled in grade ten.

Sec. 34. NEW SECTION. 279.69 Student progression — remedial instruction — reporting requirements — promotion.

1. *Reading deficiency and parental notification.*

*a.* A school district shall assess all students enrolled in kindergarten through grade three at the beginning of each school year for their level of reading or reading readiness on locally determined or statewide assessments, as provided in section 256.7, subsection 32. A school district shall provide intensive reading instruction to any student who exhibits a substantial deficiency in reading, based upon the assessment or through teacher observations. The student's reading proficiency shall be reassessed by locally determined or statewide assessments. The student shall continue to be provided with intensive reading instruction until the reading deficiency is remedied.

*b.* The parent or guardian of any student in kindergarten through grade three who exhibits a substantial deficiency in reading, as described in paragraph "a", shall be notified at least annually in writing of the following:

(1) That the child has been identified as having a substantial deficiency in reading.

(2) A description of the services currently provided to the



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284  
child.

(3) A description of the proposed supplemental instructional services and supports that the school district will provide to the child that are designed to remediate the identified area of reading deficiency.

(4) Strategies for parents and guardians to use in helping the child succeed in reading proficiency, including but not limited to the promotion of parent-guided home reading.

*c.* Beginning May 1, 2017, unless the school district is granted a waiver pursuant to subsection 2, paragraph `e`, if the student's reading deficiency is not remedied by the end of grade three, as demonstrated by scoring on a locally determined or statewide assessment as provided in section 256.7, subsection 32, the school district shall notify the student's parent or guardian that the parent or guardian may enroll the student in an intensive summer reading program offered in accordance with subsection 2, paragraph `e`. If the parent or guardian does not enroll the student in the intensive summer reading program and the student is ineligible for the good cause exemption under subsection 5, the student shall be retained in grade three pursuant to subsection 3. If the student is exempt from participating in an intensive summer reading program for good cause, pursuant to subsection 5, or completes the intensive summer reading program but is not reading proficient upon completion of the program, the student may be promoted to grade four, but the school district shall continue to provide the student with intensive reading instruction until the student is proficient in reading as demonstrated by scoring on locally determined or statewide assessments.

2. *Successful progression for early readers.* If funds are appropriated by the general assembly for purposes of implementing this subsection, a school district shall do all of the following:



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284

*a.* Provide students who are identified as having a substantial deficiency in reading under subsection 1, paragraph "a", with intensive instructional services and supports, free of charge, to remediate the identified areas of reading deficiency, including a minimum of ninety minutes daily of scientific, research-based reading instruction and other strategies prescribed by the school district which may include but are not limited to the following:

- (1) Small group instruction.
- (2) Reduced teacher-student ratios.
- (3) More frequent progress monitoring.
- (4) Tutoring or mentoring.
- (5) Extended school day, week, or year.
- (6) Summer reading programs.

*b.* At regular intervals, apprise the parent or guardian of academic and other progress being made by the student and give the parent or guardian other useful information.

*c.* In addition to required reading enhancement and acceleration strategies, provide parents of students who are identified as having a substantial deficiency in reading under subsection 1, paragraph "a", with a plan outlined in a parental contract, including participation in regular parent-guided home reading.

*d.* Establish a reading enhancement and acceleration development initiative designed to offer intensive accelerated reading instruction to each kindergarten through grade three student who is assessed as exhibiting a substantial deficiency in reading. The initiative shall comply with all of the following criteria:

- (1) Be provided to all kindergarten through grade three students who exhibit a substantial deficiency in reading under this section. The assessment initiative shall measure phonemic awareness, phonics, fluency, vocabulary, and comprehension.
- (2) Be provided during regular school hours in addition to

SF2284.6149 (5) 84

-25-

kh/rj

25/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

the regular reading instruction.

(3) Provide a reading curriculum that meets guidelines adopted pursuant to section 256.7, subsection 32, and at a minimum has the following specifications:

(a) Assists students assessed as exhibiting a substantial deficiency in reading to develop the skills to read at grade level.

(b) Provides skill development in phonemic awareness, phonics, fluency, vocabulary, and comprehension.

(c) Includes a scientifically based and reliable assessment.

(d) Provides initial and ongoing analysis of each student's reading progress.

(e) Is implemented during regular school hours.

(f) Provides a curriculum in core academic subjects to assist the student in maintaining or meeting proficiency levels for the appropriate grade in all academic subjects.

e. Offer each summer, beginning in the summer of 2017, unless the school district receives a waiver from this requirement from the department of education for the summer of 2017, an intensive summer literacy program for students assessed as exhibiting a substantial deficiency in reading. The program shall meet the criteria and follow the guidelines established pursuant to section 256.9, subsection 53, paragraph "c", subparagraph (1), subparagraph division (g).

f. Report to the department of education the specific intensive reading interventions and supports implemented by the school district pursuant to this section. The department shall annually prescribe the components of required or requested reports.

3. *Promotion to grade four.* In determining whether to promote a student in grade three to grade four, a school district shall place significant weight on any reading deficiency identified pursuant to subsection 1, paragraph "a",

SF2284.6149 (5) 84

-26-

kh/rj

26/33



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284

that is not yet remediated. The school district shall also weigh the student's progress in other subject areas, as well as the student's overall intellectual, physical, emotional, and social development. A decision to retain a student in grade three shall be made only after direct personal consultation with the student's parent or guardian and after the formulation of a specific plan of action to remedy the student's reading deficiency.

4. *Ensuring continuous improvement in reading proficiency.*

a. To ensure all children are reading proficiently by the end of third grade, each school district shall address reading proficiency as part of its comprehensive school improvement plan, drawing upon information about children from assessments conducted pursuant to subsection 1 and the prevalence of deficiencies identified by classroom, elementary school, and other student characteristics. As part of its comprehensive school improvement plan, each school district shall review chronic early elementary absenteeism for its impact on literacy development. If more than fifteen percent of an attendance center's students are not proficient in reading by the end of third grade, the comprehensive school improvement plan shall include strategies to reduce that percentage, including school and community strategies to raise the percentage of students who are proficient in reading.

b. Each school district, subject to an appropriation of funds by the general assembly, shall provide professional development services to enhance the skills of elementary teachers in responding to children's unique reading issues and needs and to increase the use of evidence-based strategies.

5. *Good cause exemption.*

a. The school district shall exempt students from the retention and intensive summer reading program requirements of subsection 1, paragraph "c", for good cause. Good cause exemptions shall be limited to the following:

SF2284.6149 (5) 84

-27-

kh/rj

27/33



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-2284

(1) Limited English proficient students who have had less than two years of instruction in an English as a second language program.

(2) Students requiring special education whose individualized education program indicates that participation in a locally determined or statewide assessment as provided in section 256.7, subsection 32, is not appropriate, consistent with the requirements of rules adopted by the state board of education for the administration of chapter 256B.

(3) Students who demonstrate an acceptable level of performance on an alternative performance measure approved pursuant to section 256.7, subsection 32.

(4) Students who demonstrate mastery through a student portfolio under alternative performance measures approved pursuant to section 256.7, subsection 32.

(5) Students who have received intensive remediation in reading for two or more years but still demonstrate a deficiency in reading and who were previously retained in kindergarten, grade one, grade two, or grade three. Intensive reading instruction for students so promoted must include an altered instructional day that includes specialized diagnostic information and specific reading strategies for each student. The school district shall assist attendance centers and teachers to implement reading strategies that research has shown to be successful in improving reading among low-performing readers.

*b.* Requests for good cause exemptions from the retention requirement of subsection 1, paragraph "c", for students described in paragraph "a", subparagraphs (3) and (4), shall include documentation from the student's teacher to the school principal that indicates that the promotion of the student is appropriate and is based upon the student's academic record. Such documentation shall include but not be limited to the individualized education program, if applicable, report card,

SF2284.6149 (5) 84

-28-

kh/rj

28/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284  
 or student portfolio.

Sec. 35. CROSS-AGENCY ASSESSMENT INSTRUMENT PLANNING GROUP. The department of education and the early childhood Iowa state board shall collaborate to form a cross-agency planning group. Members of the planning group shall include teachers and school leaders, and representatives from the departments of public health, human services, and education, the Iowa early childhood state and area boards, the state board of regents, applicable nonprofit groups, and experts in early childhood assessment and educational assessment. The planning group shall study and select one standard, multidomain assessment instrument for implementation by all school districts for purposes of section 279.60, subsection 1. The instrument shall align with agreed upon state and national curriculum standards. The planning group shall study all costs associated with implementing a universal assessment instrument. The assessment instrument shall be administered at least at the beginning and at the end of the school year to measure student skills and academic growth. The planning group shall submit its findings and recommendations in a report to the general assembly by November 15, 2012.

DIVISION X

SCHOOL INSTRUCTIONAL TIME TASK FORCE

Sec. 36. SCHOOL INSTRUCTIONAL TIME TASK FORCE.

1. The director of the department of education shall appoint a school instructional time task force comprised of at least seven members to conduct a study regarding the minimum requirements of the school day and the school year. The study shall include but not be limited to an examination of the following:

- a. Whether the minimum length of an instructional day should be extended and, if so, whether the instructional day should be extended for all students or for specific groups of students.
- b. Whether the minimum number of instructional days or

SF2284.6149 (5) 84



**Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012**

CCS-2284

hours in a school year should be increased and, if so, whether the minimum number of days or hours in a school year should be increased for all students or for specific groups of students.

c. Whether the minimum number of instructional days or hours should be rearranged to result in a shorter summer break, with other days or weeks off throughout the school year.

d. Whether the minimum school year should be defined by a number of days or by a number of instructional hours.

e. Whether there should be a uniform, statewide start date for the school year that can only be waived for the purpose of implementing an innovative educational program.

f. Whether resources necessary to extend the minimum length of an instructional day or the minimum length of a school year are justified when compared to competing education priorities.

2. Based upon the examination conducted pursuant to subsection 1, the task force shall design, propose, and establish goals for a pilot project on extending the school day or year to expand instructional time for prekindergarten through grade twelve.

3. The appointment of members to the task force shall be made in a manner which provides geographical area representation and complies with sections 69.16, 69.16A, and 69.16C.

4. The task force shall submit its findings, recommendations, and pilot project proposal in a report to the state board of education, the governor, and the general assembly by October 15, 2012.

DIVISION XI

CLASS SHARING AGREEMENTS

Sec. 37. Section 257.11, subsection 3, Code 2011, is amended by adding the following new paragraph:

NEW PARAGRAPH. c. A school district that collaborates with a community college to provide a college-level class that uses an activities-based, project-based, and problem-based learning

SF2284.6149 (5) 84

-30-

kh/rj

30/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

approach and that is offered through a partnership with a nationally recognized provider of rigorous and innovative science, technology, engineering, and mathematics curriculum for schools, which provider is exempt from taxation under section 501(c)(3) of the Internal Revenue Code, is eligible to receive additional weighting under a supplementary weighting plan adopted pursuant to this subsection.

Sec. 38. Section 261E.8, Code Supplement 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 6A. A student enrolled in a career and technical course made available pursuant to subsection 1 is exempt from the proficiency requirements of section 261E.3, subsection 1, paragraph "e". However, a community college may require a student who applies for enrollment under a district-to-community college sharing or concurrent enrollment program to complete an initial assessment administered by the community college receiving the application to determine the applicant's readiness to enroll in career and technical coursework, and the community college may deny the enrollment.

DIVISION XII

PRACTITIONER PREPARATION PROGRAM ASSESSMENTS

Sec. 39. Section 256.16, subsection 1, paragraph a, Code 2011, is amended to read as follows:

a. (1) Administer a basic skills test a preprofessional skills test offered by a nationally recognized testing service to practitioner preparation program admission candidates. Rules adopted shall require institutions to deny admission to the program to any candidate who does not successfully pass the test.

(2) Administer, prior to a student's completion of the practitioner preparation program and subject to the director's approval, subject assessments designed by a nationally recognized testing service that measure pedagogy and knowledge of at least one subject area; or, a valid and reliable

SF2284.6149 (5) 84

-31-

kh/rj

31/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284

subject-area-specific, performance-based assessment for preservice teacher candidates, centered on student learning. A student shall not successfully complete the program unless the student achieves scores above the twenty-fifth percentile nationally on the assessments administered pursuant to this subparagraph.

DIVISION XIII

KINDERGARTEN REQUIREMENT

Sec. 40. Section 299.1A, Code 2011, is amended to read as follows:

**299.1A Compulsory attendance age.**

1. A Except as provided in subsection 2, a child who has reached the age of six and is under sixteen years of age by September 15 is of compulsory attendance age. However, if a child enrolled in a school district or accredited nonpublic school reaches the age of sixteen on or after September 15, the child remains of compulsory age until the end of the regular school calendar.

2. A child who has reached the age of five by September 15 and who is enrolled in a school district shall be considered to be of compulsory attendance age unless the parent or guardian of the child notifies the school district in writing of the parent's or guardian's intent to remove the child from enrollment in the school district.

DIVISION XIV

STATE MANDATE

Sec. 41. STATE MANDATE FUNDING SPECIFIED. In accordance with section 25B.2, subsection 3, the state cost of requiring compliance with any state mandate included in this Act shall be paid by a school district from the state school foundation aid received by the school district under section 257.16. This specification of the payment of the state cost shall be deemed to meet all of the state funding-related requirements of section 25B.2, subsection 3, and no additional state funding

SF2284.6149 (5) 84

-32-

kh/rj

32/33



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

CCS-2284  
 shall be necessary for the full implementation of this Act  
 by and enforcement of this Act against all affected school  
 districts.>

ON THE PART OF THE SENATE:

ON THE PART OF THE HOUSE:

\_\_\_\_\_  
 HERMAN C. QUIRMBACH,  
 CHAIRPERSON

\_\_\_\_\_  
 ROYD CHAMBERS, CHAIRPERSON

\_\_\_\_\_  
 NANCY J. BOETTGER

\_\_\_\_\_  
 CECIL DOLECHECK

\_\_\_\_\_  
 TOD BOWMAN

\_\_\_\_\_  
 GREG FORRISTALL

\_\_\_\_\_  
 SHAWN HAMERLINCK

\_\_\_\_\_  
 MARY MASCHER

\_\_\_\_\_  
 BRIAN SCHOENJAHN

\_\_\_\_\_  
 SHARON STECKMAN



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-466

REPORT OF THE CONFERENCE COMMITTEE  
ON SENATE FILE 466

To the President of the Senate and the Speaker of the House of Representatives:

We, the undersigned members of the conference committee appointed to resolve the differences between the Senate and House of Representatives on Senate File 466, a bill for an Act relating to residential contractors and providing a penalty, respectfully make the following report:

1. That the Senate recedes from its amendment, H-8453.

2. That the House amendment, S-3329, to Senate File 466, as amended, passed, and reprinted by the Senate, is amended to read as follows:

1. Page 2, by striking lines 3 through 15 and inserting:

<NOTICE OF CONTRACT OBLIGATIONS AND RIGHTS

You may be responsible for payment to (insert name of residential contractor) for the cost of all goods and services provided whether or not you receive payment from any property and casualty insurance policy with respect to the damage. Pursuant to Iowa law your contract with (insert name of residential contractor) to provide goods and services to repair damage resulting from a naturally occurring catastrophe including but not limited to a fire, earthquake, tornado, windstorm, flood, or hail storm is void>

2. Page 2, by striking lines 36 through 41 and inserting:

<6. a. A residential contractor violating this section is subject to the penalties and remedies prescribed by this chapter.

b. A violation of subsection 2 or 3 by a residential contractor is an unlawful practice pursuant to section 714.16.>



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

CCS-466

ON THE PART OF THE SENATE:

ON THE PART OF THE HOUSE:

\_\_\_\_\_  
MATT McCOY, CHAIRPERSON

\_\_\_\_\_  
STEWART IVERSON, CHAIRPERSON

\_\_\_\_\_  
BILL ANDERSON

\_\_\_\_\_  
JEFF KAUFMANN

\_\_\_\_\_  
RICK BERTRAND

\_\_\_\_\_  
DAN MUHLBAUER

\_\_\_\_\_  
THOMAS G. COURTNEY

\_\_\_\_\_  
JO OLDSON

\_\_\_\_\_  
PAM JOCHUM



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

House File 2473

H-8516

1 Amend House File 2473 as follows:

2 1. By striking page 7, line 31, through page 9,  
3 line 11.

4 2. Page 10, lines 5 and 6, by striking <the  
5 moneys deposited by the department of revenue pursuant  
6 to section 15.331,>

7 3. Page 18, after line 22 by inserting:

8 <10. The authority shall not award a grant to an  
9 entrepreneur assistance program from the entrepreneur  
10 investment awards program fund after June 30, 2014.  
11 It is the intent of the general assembly to review  
12 and assess the success of the entrepreneur investment  
13 awards program based on the report provided by the  
14 economic development authority.

15 11. The economic development authority shall  
16 conduct a comprehensive review of the entrepreneur  
17 investment awards program and shall, by December 31,  
18 2013, submit a report of the findings of the review,  
19 as well as any recommendations and cost projections of  
20 its recommendations, to the governor and the general  
21 assembly. The report shall consist of the following  
22 information:

23 a. The number of grants awarded, the total amount  
24 of the grants awarded, the total amount expended on the  
25 entrepreneur investment awards program, and the number  
26 of entrepreneur investment awards to entrepreneur  
27 assistance programs that were the subject of repayment  
28 or collection activity.

29 b. The number of applications received by the  
30 authority for the program and the status of the  
31 applications.

32 c. For each entrepreneur assistance program  
33 receiving moneys from the entrepreneur investment  
34 awards program fund, the following information:

35 (1) The amount the entrepreneur assistance program  
36 received from the entrepreneur investment awards  
37 program fund.

38 (2) The number of entrepreneurs creating a business  
39 in the state that were assisted by the entrepreneur  
40 assistance program and the number of new jobs  
41 associated with the business.

42 (3) The number of entrepreneurs locating or  
43 expanding a business in the state that were assisted by  
44 the entrepreneur assistance program and the number of  
45 new or retained jobs associated with the business.

46 (4) The entrepreneur assistance program's location.

47 (5) The amount, if any, of private and local  
48 matching funds received by the entrepreneur assistance  
49 program.

50 d. The number of clients referred by the authority

HF2473.6155 (3) 84

-1-

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1/2



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

- 1 to an entrepreneur assistance program receiving moneys  
2 from the entrepreneur investment awards program fund.  
3 e. An evaluation of the investment made by the  
4 state of Iowa in the entrepreneur investment awards  
5 program.  
6 f. Any other information the authority deems  
7 relevant to assessing the success of the entrepreneur  
8 investment awards program.>  
9 4. Page 20, by striking lines 5 through 24.  
10 5. By striking page 28, line 28, through page 29,  
11 line 22.  
12 6. Title page, by striking lines 4 through 7 and  
13 inserting <administered by the economic development  
14 authority, by replacing references to the economic>  
15 7. Title page, line 11, by striking <and other>  
16 8. By renumbering as necessary.

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BYRNES of Mitchell



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

Senate Amendment to  
House File 2470

H-8517

- 1 Amend House File 2470, as passed by the House, as  
2 follows:  
3 1. Page 1, by striking lines 3 through 8 and  
4 inserting:  
5 <NEW PARAGRAPH. c. For purposes of this  
6 subsection, the following items are exempt under  
7 paragraph "a" when used in agricultural production:  
8 (1) A snow blower that is to be attached to a  
9 self-propelled implement of husbandry.  
10 (2) A rear-mounted or front-mounted blade that  
11 is to be attached to or towed by a self-propelled  
12 implement of husbandry.  
13 (3) A rotary cutter that is to be attached to a  
14 self-propelled implement of husbandry.>  
15 2. By renumbering, redesignating, and correcting  
16 internal references as necessary.

HF2470.6165.S (1) 84

-1-

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1/1



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

Senate Amendment to  
House Amendment to  
Senate File 2315

H-8518

1 Amend the House amendment, S-5234, to Senate File  
2 2315, as amended, passed, and reprinted by the Senate,  
3 as follows:  
4 1. Page 5, after line 34 by inserting:  
5 <\_\_\_. Page 11, line 18, by striking <A person> and  
6 inserting <Notwithstanding subsection 1, a person>>  
7 2. Page 7, by striking lines 7 through 13 and  
8 inserting <in this Act. In addition, the transition>  
9 3. Page 10, after line 22 by inserting:  
10 <\_\_\_. Chapter 229.>  
11 4. Page 12, after line 10 by inserting:  
12 <\_\_\_. Page 27, line 23, before <one> by inserting  
13 <at least>  
14 \_\_\_. Page 27, line 24, after <designees> by  
15 inserting <and any other members specified in the  
16 region's regional governance agreement entered into in  
17 accordance with section 331.438E>>  
18 5. Page 15, line 1, after <applies> by inserting  
19 <beginning July 1, 2012,>  
20 6. Page 15, line 5, after <costs> by inserting <for  
21 services provided on or after July 1, 2011,>  
22 7. Page 15, after line 8 by inserting:  
23 <(\_\_\_\_) Chapter 229.>  
24 8. Page 15, line 17, after <billing.> by inserting  
25 <However, for services provided on or after July 1,  
26 2011, for which a county has received the billing as of  
27 July 1, 2012, the county shall notify the department of  
28 the county's assertion on or before October 1, 2012.>  
29 9. By striking page 24, line 23, through page 28,  
30 line 2, and inserting:  
31 <DIVISION \_\_\_\_\_  
32 PROPERTY TAX-RELATED PROVISIONS  
33 Sec. \_\_\_\_\_. MENTAL HEALTH AND DISABILITY SERVICES  
34 REDESIGN FISCAL VIABILITY ANALYSIS.  
35 1. The legislative council is requested to  
36 authorize a study committee to analyze the viability  
37 of the mental health and disability services redesign  
38 financing provisions in 2012 Iowa Acts, Senate File  
39 2315, if enacted, during the 2012 and 2013 legislative  
40 interims. The study committee may contract for an  
41 independent analysis to be performed. Reports of  
42 the analysis containing findings and recommendations  
43 shall be submitted for consideration during the 2013  
44 legislative session. The study committee may meet  
45 during the 2013 legislative interim to consider and  
46 determine whether revisions to 2013 redesign financing  
47 enactments are warranted and to make appropriate  
48 recommendations for consideration during the 2014  
49 legislative session.  
50 2. The financial information addressed by the

S5234.6157.S (3) 84

-1-

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1/6



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 analysis shall include but is not limited to all of the  
2 following:

3 a. A determination as to the adequacy of the local  
4 funding sources available to counties and county  
5 regions, including the per capita levy provisions;  
6 whether adjustments are warranted to reflect the  
7 relative capacity of the property tax base to provide  
8 needed funding; how to provide funding sufficiently  
9 flexible to meet the needs identified and reflect  
10 annual population and property valuation changes;  
11 and identification of options for revising the levy  
12 provisions.

13 b. Identification of options and alternatives for  
14 provision of state funding to the regional system,  
15 including making equalization payments, addressing  
16 growth and population shifts, dealing with growth in  
17 terms of costs and numbers of consumers, and allocation  
18 of state cases in a phase-out of the legal settlement  
19 system for determining financial responsibility.

20 c. Analysis of the likely effects that the  
21 implementation of the federal Patient Protection and  
22 Affordable Care Act, Pub. L. No. 111-148, as amended by  
23 the federal Health Care and Education Reconciliation  
24 Act of 2010, Pub. L. No. 111-152, and any amendments  
25 thereto, or other applicable federal law, will have on  
26 the service obligations of counties.

27 d. Analysis of services fund balances held by  
28 counties.

29 Sec. \_\_\_\_ . Section 331.424A, Code Supplement 2011,  
30 is amended to read as follows:

31 ~~331.424A County mental health, mental retardation,~~  
32 ~~and developmental disabilities services fund.~~

33 1. For the purposes of this chapter and chapter  
34 426B, unless the context otherwise requires,  
35 ~~"services fund" means the county mental health, mental~~  
36 ~~retardation, and developmental disabilities services~~  
37 ~~fund created in subsection 2. The county finance~~  
38 ~~committee created in section 333A.2 shall consult with~~  
39 ~~the state commission in adopting rules and prescribing~~  
40 ~~forms for administering the services fund.:~~

41 a. "Base year expenditures for mental health and  
42 disabilities services" means the same as defined in  
43 section 331.438, Code Supplement 2011, minus the amount  
44 the county received from the property tax relief fund  
45 pursuant to section 426B.1, Code 2011, for the fiscal  
46 year beginning July 1, 2008.

47 b. "County population expenditure target amount"  
48 means the product of the statewide per capita  
49 expenditure target amount multiplied by a county's  
50 general population.



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1     c. "County services fund" means a county mental  
2 health and disabilities services fund created pursuant  
3 to this section.  
4     d. "Per capita growth amount" means the amount by  
5 which the statewide per capita expenditure target  
6 amount may grow from one year to the next.  
7     e. "Statewide per capita expenditure target amount"  
8 means the dollar amount of a statewide expenditure  
9 target per person as established by statute.  
10     2. The county finance committee created in section  
11 333A.2 shall consult with the department of human  
12 services and the department of management in adopting  
13 rules and prescribing forms for administering the  
14 county services funds.  
15     ~~2. 3. For the fiscal year beginning July 1, 1996,~~  
16 ~~and succeeding fiscal years, county County revenues~~  
17 ~~from taxes and other sources designated by a county for~~  
18 ~~mental health, mental retardation, and developmental~~  
19 ~~disabilities services shall be credited to the county~~  
20 ~~mental health, mental retardation, and developmental~~  
21 ~~disabilities services fund of which shall be created by~~  
22 ~~the county. The board shall make appropriations from~~  
23 ~~the fund for payment of services provided under the~~  
24 ~~county regional service system management plan approved~~  
25 ~~pursuant to section 331.439 331.439A. The county may~~  
26 ~~pay for the services in cooperation with other counties~~  
27 ~~by pooling appropriations from the county services~~  
28 ~~fund with appropriations from the county services fund~~  
29 ~~of other counties or through county regional entities~~  
30 ~~including but not limited to the county's mental health~~  
31 ~~and developmental disabilities regional planning~~  
32 ~~council created pursuant to section 225C.18 through the~~  
33 ~~county's regional administrator, or through another~~  
34 ~~arrangement specified in the regional governance~~  
35 ~~agreement entered into by the county under section~~  
36 ~~331.438E.~~  
37     ~~3. 4. For the fiscal year beginning July 1, 1996,~~  
38 ~~and succeeding fiscal years, receipts Receipts from the~~  
39 ~~state or federal government for such the mental health~~  
40 ~~and disability services administered or paid for by a~~  
41 ~~county shall be credited to the county services fund,~~  
42 ~~including moneys allotted distributed to the county~~  
43 ~~from the state payment made pursuant to section 331.439~~  
44 ~~and moneys allotted to the county for property tax~~  
45 ~~relief pursuant to section 426B.1 department of human~~  
46 ~~services and moneys allocated under chapter 426B.~~  
47     ~~4. 5. For the fiscal year beginning July 1, 1996,~~  
48 ~~and for each subsequent fiscal year, the county shall~~  
49 ~~certify a levy for payment of services. For each~~  
50 ~~fiscal year, county revenues from taxes imposed by the~~



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 county credited to the services fund shall not exceed  
2 an amount equal to the amount of base year expenditures  
3 for mental health and disability services as defined  
4 ~~in section 331.438, less the amount of property tax~~  
5 ~~relief to be received pursuant to section 426B.2, in~~  
6 ~~the fiscal year for which the budget is certified.~~  
7 ~~The county auditor and the board of supervisors shall~~  
8 ~~reduce the amount of the levy certified for the~~  
9 ~~services fund by the amount of property tax relief~~  
10 ~~to be received.~~ A levy certified under this section  
11 is not subject to the appeal provisions of section  
12 331.426 or to any other provision in law authorizing a  
13 county to exceed, increase, or appeal a property tax  
14 levy limit.

15 ~~5. 6.~~ Appropriations specifically authorized to be  
16 made from the mental health, ~~mental retardation,~~ and  
17 ~~developmental~~ disabilities services fund shall not be  
18 made from any other fund of the county.

19 ~~6. 7. This section is repealed July 1, 2013.~~  
20 Notwithstanding subsection 5, for the fiscal years  
21 beginning July 1, 2013, and July 1, 2014, county  
22 revenues from taxes levied by the county and credited  
23 to the county services fund shall not exceed the lower  
24 of the following amounts:

25 a. The amount of the county's base year  
26 expenditures for mental health and disabilities  
27 services.

28 b. The amount equal to the product of the statewide  
29 per capita expenditure target for the fiscal year  
30 beginning July 1, 2013, multiplied by the county's  
31 general population for the same fiscal year.

32 Sec. \_\_\_\_. Section 331.432, subsection 3, Code  
33 Supplement 2011, is amended to read as follows:

34 3. Except as authorized in section 331.477,  
35 transfers of moneys between the county mental health,  
36 mental retardation, and developmental disabilities  
37 services fund created pursuant to section 331.424A and  
38 any other fund are prohibited.

39 Sec. \_\_\_\_. Section 426B.1, subsection 2, Code 2011,  
40 is amended by striking the subsection and inserting in  
41 lieu thereof the following:

42 2. Moneys shall be distributed from the property  
43 tax relief fund to counties for the mental health and  
44 disability regional service system for providing county  
45 base property tax equivalent equalization payments and  
46 the per capita growth amount established pursuant to  
47 section 426B.3, in accordance with the appropriations  
48 made to the fund and other statutory requirements.

49 Sec. \_\_\_\_. Section 426B.2, subsections 1 and 2, Code  
50 2011, are amended by striking the subsections.



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1     Sec. \_\_\_\_ . Section 426B.2, subsection 3, Code 2011,  
2 is amended to read as follows:

3     3. ~~a.~~ The director of human services shall draw  
4 warrants on the property tax relief fund, payable to  
5 the county treasurer in the amount due to a county in  
6 accordance with ~~subsection 1~~ section 426B.3, and mail  
7 the warrants to the county auditors in July and January  
8 of each year.

9     ~~b. Any replacement generation tax in the property  
10 tax relief fund as of May 1 shall be paid to the  
11 county treasurers in July and January of the fiscal  
12 year beginning the following July 1. The department  
13 of management shall determine the amount each county  
14 will be paid pursuant to this lettered paragraph  
15 for the following fiscal year. The department shall  
16 reduce by the determined amount the amount of each  
17 county's certified budget to be raised by property  
18 tax for that fiscal year which is to be expended for  
19 mental health, mental retardation, and developmental  
20 disabilities services and shall revise the rate of  
21 taxation as necessary to raise the reduced amount. The  
22 department of management shall report the reduction in  
23 the certified budget and the revised rate of taxation  
24 to the county auditors by June 15.~~

25     Sec. \_\_\_\_ . Section 426B.3, Code 2011, is amended by  
26 striking the section and inserting in lieu thereof the  
27 following:

28     **426B.3 Per capita funding for fiscal years 2013-2014**  
29 **and 2014-2015.**

30     1. For the fiscal years beginning July 1, 2013,  
31 and July 1, 2014, the state and county funding for the  
32 mental health and disability services administered  
33 or paid for by counties shall be provided based on a  
34 statewide per capita expenditure target amount computed  
35 in accordance with this section.

36     2. The statewide per capita expenditure target  
37 amount shall consist of the sum of the following:

38     a. A county base property tax equivalent to  
39 forty-seven dollars and twenty-eight cents per capita.  
40 Each per capita growth amount established by statute  
41 as provided in paragraph "b", shall be added to this  
42 amount.

43     b. A per capita growth amount, which may be stated  
44 as a percentage of the prior fiscal year's county base  
45 property tax per capita amount, as established by  
46 statute.

47     3. The per capita growth amount established  
48 by statute shall provide funding for increases in  
49 non-Medicaid expenditures from county services funds  
50 due to service costs, additional service populations,



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 additional core service domains, and numbers of persons  
 2 receiving services.  
 3 4. *a.* For the fiscal years beginning July 1, 2013,  
 4 and July 1, 2014, a county with a county population  
 5 expenditure target amount that exceeds the amount of  
 6 the county's base year expenditures for mental health  
 7 and disabilities services shall receive an equalization  
 8 payment for the difference.  
 9 *b.* The equalization payments determined in  
 10 accordance with this subsection shall be made by the  
 11 department of human services for each fiscal year as  
 12 provided in appropriations made from the property tax  
 13 relief fund for this purpose.  
 14 Sec. \_\_\_\_\_. REPEAL. Section 426B.6, Code Supplement  
 15 2011, is repealed.  
 16 Sec. \_\_\_\_\_. EFFECTIVE DATE. The following provisions  
 17 of this division of this Act take effect July 1, 2013:  
 18 1. The section of this Act amending section  
 19 331.424A.  
 20 2. The section of this Act amending section  
 21 331.432.  
 22 3. The section of this Act amending section 426B.1.  
 23 4. The sections of this Act amending section  
 24 426B.2.  
 25 5. The section of this Act amending section 426B.3.  
 26 Sec. \_\_\_\_\_. APPLICABILITY. The following provisions  
 27 of this division of this Act are applicable commencing  
 28 with the budget and tax levy certification process for  
 29 the fiscal year beginning July 1, 2013:  
 30 1. The section of this Act amending section  
 31 331.424A.  
 32 2. The section of this Act amending section 426B.1.  
 33 3. The sections of this Act amending section  
 34 426B.2.  
 35 4. The section of this Act amending section  
 36 426B.3.>  
 37 10. By renumbering as necessary.



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

House Resolution 149 - Introduced

HOUSE RESOLUTION NO. 149

BY ISENHART, ABDUL-SAMAD, BERRY, COHOON, GAINES,  
HANSON, HEDDENS, HUNTER, KAJTAZOVIC, KEARNS,  
KELLEY, KRESSIG, LENSING, LYKAM, MURPHY,  
PETERSEN, M. SMITH, T. TAYLOR, THEDE, THOMAS,  
WESSEL-KROESCHELL, WINCKLER, WITTNEBEN, WOLFE,  
GASKILL, HALL, JACOBY, MASCHER, H. MILLER,  
MUHLBAUER, OLDSOON, R. OLSON, T. OLSON, QUIRK,  
RUNNING-MARQUARDT, STECKMAN, SWAIM, WENTHE, and  
WILLEMS

1 A Resolution to recognize local farms and foods and to  
2 recognize the week of October 14 through 20 as World  
3 Food Prize Week in Iowa.

4 WHEREAS, healthy food is essential to the life,  
5 health, and prosperity of all Iowans; and

6 WHEREAS, the economy and social fabric of this state  
7 are inextricably linked to food production and food  
8 production-related activities; and

9 WHEREAS, the State of Iowa has inherited plentiful  
10 fresh water and some of the most productive farmland in  
11 the world, with the potential of feeding more hungry  
12 people and generating sustainable incomes for more Iowa  
13 families; and

14 WHEREAS, the State of Iowa is a leader in the local  
15 food economy, creating an efficient food production  
16 infrastructure that links producers, processors,  
17 distributors, and marketers to vibrant local consumers,  
18 markets, and communities; and

19 WHEREAS, a state food production policy that is  
20 designed to produce a safe, nutritious, and adequate



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

H.R. 149

1 food supply for consumption must also balance economic,  
2 environmental, and social considerations that are  
3 important to the people of this state; and

4 WHEREAS, such food policy can enhance economic  
5 prosperity by putting more Iowans to work in  
6 agriculture, with the goal of continuously increasing  
7 the percentage of Iowa food dollars spent on Iowa farm  
8 products; and

9 WHEREAS, the World Food Prize emphasizes the  
10 importance of a nutritious and sustainable food supply  
11 for all people by improving the quality, quantity, or  
12 availability of food in the world and has established  
13 a record of engaging Iowans in a dialogue on important  
14 issues related to food and hunger; NOW THEREFORE,

15 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES, That  
16 the House of Representatives proclaims its support for  
17 local farmers and local food production; and

18 BE IT FURTHER RESOLVED, That the House of  
19 Representatives recognizes October 14 through 20, 2012,  
20 as World Food Prize Week in Iowa, and salutes the World  
21 Food Prize Foundation on the completion of its Hall of  
22 Laureates and for its role in making our state the food  
23 capital of the world; and

24 BE IT FURTHER RESOLVED, That the House of  
25 Representatives encourages Iowa communities to create  
26 local celebrations, discussions, and other activities  
27 to explore how we, as Iowans, can promote and expand  
28 local food economies, continuously improving the  
29 quality, quantity, and availability of nutritious food  
30 in our state.

LSB 6147HH (4) 84

-2-

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**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

Senate File 2315

S-5255

1 Amend the House amendment, S-5234, to Senate File  
2 2315, as amended, passed, and reprinted by the Senate,  
3 as follows:  
4 1. Page 5, after line 34 by inserting:  
5 <\_\_. Page 11, line 18, by striking <A person> and  
6 inserting <Notwithstanding subsection 1, a person>>  
7 2. Page 7, by striking lines 7 through 13 and  
8 inserting <in this Act. In addition, the transition>  
9 3. Page 10, after line 22 by inserting:  
10 <\_\_. Chapter 229.>  
11 4. Page 12, after line 10 by inserting:  
12 <\_\_. Page 27, line 23, before <one> by inserting  
13 <at least>  
14 \_\_\_\_. Page 27, line 24, after <designees> by  
15 inserting <and any other members specified in the  
16 region's regional governance agreement entered into in  
17 accordance with section 331.438E>>  
18 5. Page 15, line 1, after <applies> by inserting  
19 <beginning July 1, 2012,>  
20 6. Page 15, line 5, after <costs> by inserting <for  
21 services provided on or after July 1, 2011,>  
22 7. Page 15, after line 8 by inserting:  
23 <(\_\_\_\_) Chapter 229.>  
24 8. Page 15, line 17, after <billing.> by inserting  
25 <However, for services provided on or after July 1,  
26 2011, for which a county has received the billing as of  
27 July 1, 2012, the county shall notify the department of  
28 the county's assertion on or before October 1, 2012.>  
29 9. By striking page 24, line 23, through page 28,  
30 line 2, and inserting:  
31 <DIVISION \_\_\_\_  
32 PROPERTY TAX-RELATED PROVISIONS  
33 Sec. \_\_\_\_\_. MENTAL HEALTH AND DISABILITY SERVICES  
34 REDESIGN FISCAL VIABILITY ANALYSIS.  
35 1. The legislative council is requested to  
36 authorize a study committee to analyze the viability  
37 of the mental health and disability services redesign  
38 financing provisions in 2012 Iowa Acts, Senate File  
39 2315, if enacted, during the 2012 and 2013 legislative  
40 interims. The study committee may contract for an  
41 independent analysis to be performed. Reports of  
42 the analysis containing findings and recommendations  
43 shall be submitted for consideration during the 2013  
44 legislative session. The study committee may meet  
45 during the 2013 legislative interim to consider and  
46 determine whether revisions to 2013 redesign financing  
47 enactments are warranted and to make appropriate  
48 recommendations for consideration during the 2014  
49 legislative session.  
50 2. The financial information addressed by the

S5234.6151 (4) 84

-1-

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1/6



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 analysis shall include but is not limited to all of the  
2 following:

3 a. A determination as to the adequacy of the local  
4 funding sources available to counties and county  
5 regions, including the per capita levy provisions;  
6 whether adjustments are warranted to reflect the  
7 relative capacity of the property tax base to provide  
8 needed funding; how to provide funding sufficiently  
9 flexible to meet the needs identified and reflect  
10 annual population and property valuation changes;  
11 and identification of options for revising the levy  
12 provisions.

13 b. Identification of options and alternatives for  
14 provision of state funding to the regional system,  
15 including making equalization payments, addressing  
16 growth and population shifts, dealing with growth in  
17 terms of costs and numbers of consumers, and allocation  
18 of state cases in a phase-out of the legal settlement  
19 system for determining financial responsibility.

20 c. Analysis of the likely effects that the  
21 implementation of the federal Patient Protection and  
22 Affordable Care Act, Pub. L. No. 111-148, as amended by  
23 the federal Health Care and Education Reconciliation  
24 Act of 2010, Pub. L. No. 111-152, and any amendments  
25 thereto, or other applicable federal law, will have on  
26 the service obligations of counties.

27 d. Analysis of services fund balances held by  
28 counties.

29 Sec. \_\_\_\_ . Section 331.424A, Code Supplement 2011,  
30 is amended to read as follows:

31 ~~331.424A County mental health, mental retardation,~~  
32 ~~and developmental disabilities services fund.~~

33 1. For the purposes of this chapter and chapter  
34 426B, unless the context otherwise requires,  
35 ~~"services fund" means the county mental health, mental~~  
36 ~~retardation, and developmental disabilities services~~  
37 ~~fund created in subsection 2. The county finance~~  
38 ~~committee created in section 333A.2 shall consult with~~  
39 ~~the state commission in adopting rules and prescribing~~  
40 ~~forms for administering the services fund.:~~

41 a. "Base year expenditures for mental health and  
42 disabilities services" means the same as defined in  
43 section 331.438, Code Supplement 2011, minus the amount  
44 the county received from the property tax relief fund  
45 pursuant to section 426B.1, Code 2011, for the fiscal  
46 year beginning July 1, 2008.

47 b. "County population expenditure target amount"  
48 means the product of the statewide per capita  
49 expenditure target amount multiplied by a county's  
50 general population.



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1     c. "County services fund" means a county mental  
2 health and disabilities services fund created pursuant  
3 to this section.  
4     d. "Per capita growth amount" means the amount by  
5 which the statewide per capita expenditure target  
6 amount may grow from one year to the next.  
7     e. "Statewide per capita expenditure target amount"  
8 means the dollar amount of a statewide expenditure  
9 target per person as established by statute.  
10     2. The county finance committee created in section  
11 333A.2 shall consult with the department of human  
12 services and the department of management in adopting  
13 rules and prescribing forms for administering the  
14 county services funds.  
15     ~~2. 3. For the fiscal year beginning July 1, 1996,~~  
16 ~~and succeeding fiscal years, county County revenues~~  
17 ~~from taxes and other sources designated by a county for~~  
18 ~~mental health, mental retardation, and developmental~~  
19 ~~disabilities services shall be credited to the county~~  
20 ~~mental health, mental retardation, and developmental~~  
21 ~~disabilities services fund of which shall be created by~~  
22 ~~the county. The board shall make appropriations from~~  
23 ~~the fund for payment of services provided under the~~  
24 ~~county regional service system management plan approved~~  
25 ~~pursuant to section 331.439 331.439A. The county may~~  
26 ~~pay for the services in cooperation with other counties~~  
27 ~~by pooling appropriations from the county services~~  
28 ~~fund with appropriations from the county services fund~~  
29 ~~of other counties or through county regional entities~~  
30 ~~including but not limited to the county's mental health~~  
31 ~~and developmental disabilities regional planning~~  
32 ~~council created pursuant to section 225C.18 through the~~  
33 ~~county's regional administrator, or through another~~  
34 ~~arrangement specified in the regional governance~~  
35 ~~agreement entered into by the county under section~~  
36 ~~331.438E.~~  
37     ~~3. 4. For the fiscal year beginning July 1, 1996,~~  
38 ~~and succeeding fiscal years, receipts Receipts from the~~  
39 ~~state or federal government for such the mental health~~  
40 ~~and disability services administered or paid for by a~~  
41 ~~county shall be credited to the county services fund,~~  
42 ~~including moneys allotted distributed to the county~~  
43 ~~from the state payment made pursuant to section 331.439~~  
44 ~~and moneys allotted to the county for property tax~~  
45 ~~relief pursuant to section 426B.1 department of human~~  
46 ~~services and moneys allocated under chapter 426B.~~  
47     ~~4. 5. For the fiscal year beginning July 1, 1996,~~  
48 ~~and for each subsequent fiscal year, the county shall~~  
49 ~~certify a levy for payment of services. For each~~  
50 ~~fiscal year, county revenues from taxes imposed by the~~



Iowa General Assembly  
 Daily Bills, Amendments and Study Bills  
 May 08, 2012

1 county credited to the services fund shall not exceed  
 2 an amount equal to the amount of base year expenditures  
 3 for mental health and disability services as defined  
 4 ~~in section 331.438, less the amount of property tax~~  
 5 ~~relief to be received pursuant to section 426B.2, in~~  
 6 ~~the fiscal year for which the budget is certified.~~  
 7 ~~The county auditor and the board of supervisors shall~~  
 8 ~~reduce the amount of the levy certified for the~~  
 9 ~~services fund by the amount of property tax relief to~~  
 10 ~~be received.~~ A levy certified under this section is  
 11 not subject to the appeal provisions of section 331.426  
 12 or to any other provision in law authorizing a county  
 13 to exceed, increase, or appeal a property tax levy  
 14 limit.

15 ~~5.~~ 6. Appropriations specifically authorized to be  
 16 made from the mental health, ~~mental retardation,~~ and  
 17 ~~developmental~~ disabilities services fund shall not be  
 18 made from any other fund of the county.

19 ~~6.~~ 7. ~~This section is repealed July 1, 2013.~~  
 20 Notwithstanding subsection 5, for the fiscal years  
 21 beginning July 1, 2013, and July 1, 2014, county  
 22 revenues from taxes levied by the county and credited  
 23 to the county services fund shall not exceed the lower  
 24 of the following amounts:

25 a. The amount of the county's base year  
 26 expenditures for mental health and disabilities  
 27 services.

28 b. The amount equal to the product of the statewide  
 29 per capita expenditure target for the fiscal year  
 30 beginning July 1, 2013, multiplied by the county's  
 31 general population for the same fiscal year.

32 Sec. \_\_\_\_. Section 331.432, subsection 3, Code  
 33 Supplement 2011, is amended to read as follows:

34 3. Except as authorized in section 331.477,  
 35 transfers of moneys between the county mental health,  
 36 mental retardation, and developmental disabilities  
 37 services fund created pursuant to section 331.424A and  
 38 any other fund are prohibited.

39 Sec. \_\_\_\_. Section 426B.1, subsection 2, Code 2011,  
 40 is amended by striking the subsection and inserting in  
 41 lieu thereof the following:

42 2. Moneys shall be distributed from the property  
 43 tax relief fund to counties for the mental health and  
 44 disability regional service system for providing county  
 45 base property tax equivalent equalization payments and  
 46 the per capita growth amount established pursuant to  
 47 section 426B.3, in accordance with the appropriations  
 48 made to the fund and other statutory requirements.

49 Sec. \_\_\_\_. Section 426B.2, subsections 1 and 2, Code  
 50 2011, are amended by striking the subsections.



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1     Sec. \_\_\_\_ . Section 426B.2, subsection 3, Code 2011,  
 2 is amended to read as follows:

3     3. ~~a.~~ The director of human services shall draw  
 4 warrants on the property tax relief fund, payable to  
 5 the county treasurer in the amount due to a county in  
 6 accordance with ~~subsection 1~~ section 426B.3, and mail  
 7 the warrants to the county auditors in July and January  
 8 of each year.

9     ~~b. Any replacement generation tax in the property~~  
 10 ~~tax relief fund as of May 1 shall be paid to the~~  
 11 ~~county treasurers in July and January of the fiscal~~  
 12 ~~year beginning the following July 1. The department~~  
 13 ~~of management shall determine the amount each county~~  
 14 ~~will be paid pursuant to this lettered paragraph~~  
 15 ~~for the following fiscal year. The department shall~~  
 16 ~~reduce by the determined amount the amount of each~~  
 17 ~~county's certified budget to be raised by property~~  
 18 ~~tax for that fiscal year which is to be expended for~~  
 19 ~~mental health, mental retardation, and developmental~~  
 20 ~~disabilities services and shall revise the rate of~~  
 21 ~~taxation as necessary to raise the reduced amount. The~~  
 22 ~~department of management shall report the reduction in~~  
 23 ~~the certified budget and the revised rate of taxation~~  
 24 ~~to the county auditors by June 15.~~

25     Sec. \_\_\_\_ . Section 426B.3, Code 2011, is amended by  
 26 striking the section and inserting in lieu thereof the  
 27 following:

28     **426B.3 Per capita funding for fiscal years 2013-2014**  
 29 **and 2014-2015.**

30     1. For the fiscal years beginning July 1, 2013,  
 31 and July 1, 2014, the state and county funding for the  
 32 mental health and disability services administered  
 33 or paid for by counties shall be provided based on a  
 34 statewide per capita expenditure target amount computed  
 35 in accordance with this section.

36     2. The statewide per capita expenditure target  
 37 amount shall consist of the sum of the following:

38     a. A county base property tax equivalent to  
 39 forty-seven dollars and twenty-eight cents per capita.  
 40 Each per capita growth amount established by statute  
 41 as provided in paragraph "b", shall be added to this  
 42 amount.

43     b. A per capita growth amount, which may be stated  
 44 as a percentage of the prior fiscal year's county base  
 45 property tax per capita amount, as established by  
 46 statute.

47     3. The per capita growth amount established  
 48 by statute shall provide funding for increases in  
 49 non-Medicaid expenditures from county services funds  
 50 due to service costs, additional service populations,



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 additional core service domains, and numbers of persons  
 2 receiving services.  
 3 4. *a.* For the fiscal years beginning July 1, 2013,  
 4 and July 1, 2014, a county with a county population  
 5 expenditure target amount that exceeds the amount of  
 6 the county's base year expenditures for mental health  
 7 and disabilities services shall receive an equalization  
 8 payment for the difference.  
 9 *b.* The equalization payments determined in  
 10 accordance with this subsection shall be made by the  
 11 department of human services for each fiscal year as  
 12 provided in appropriations made from the property tax  
 13 relief fund for this purpose.  
 14 Sec. \_\_\_\_\_. REPEAL. Section 426B.6, Code Supplement  
 15 2011, is repealed.  
 16 Sec. \_\_\_\_\_. EFFECTIVE DATE. The following provisions  
 17 of this division of this Act take effect July 1, 2013:  
 18 1. The section of this Act amending section  
 19 331.424A.  
 20 2. The section of this Act amending section  
 21 331.432.  
 22 3. The section of this Act amending section 426B.1.  
 23 4. The sections of this Act amending section  
 24 426B.2.  
 25 5. The section of this Act amending section 426B.3.  
 26 Sec. \_\_\_\_\_. APPLICABILITY. The following provisions  
 27 of this division of this Act are applicable commencing  
 28 with the budget and tax levy certification process for  
 29 the fiscal year beginning July 1, 2013:  
 30 1. The section of this Act amending section  
 31 331.424A.  
 32 2. The section of this Act amending section 426B.1.  
 33 3. The sections of this Act amending section  
 34 426B.2.  
 35 4. The section of this Act amending section  
 36 426B.3.>  
 37 10. By renumbering as necessary.

\_\_\_\_\_  
 JACK HATCH



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

House File 2470

S-5256

- 1 Amend House File 2470, as passed by the House, as  
2 follows:  
3 1. Page 1, by striking lines 3 through 8 and  
4 inserting:  
5 <NEW PARAGRAPH. c. For purposes of this  
6 subsection, the following items are exempt under  
7 paragraph "a" when used in agricultural production:  
8 (1) A snow blower that is to be attached to a  
9 self-propelled implement of husbandry.  
10 (2) A rear-mounted or front-mounted blade that  
11 is to be attached to or towed by a self-propelled  
12 implement of husbandry.  
13 (3) A rotary cutter that is to be attached to a  
14 self-propelled implement of husbandry.>  
15 2. By renumbering, redesignating, and correcting  
16 internal references as necessary.

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COMMITTEE ON WAYS AND MEANS  
JOE BOLKCOM, CHAIRPERSON



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

Senate File 2344

S-5257

1 Amend Senate File 2344 as follows:

2 1. Page 31, after line 18 by inserting:

3 <DIVISION \_\_\_\_\_  
4 CABLE TELEVISION COMPANY PROPERTY  
5 Sec. \_\_\_\_\_. **NEW SECTION. 427A.3 Cable television**  
6 **company property.**

7 1. Except as provided in subsection 2, for  
8 assessment years beginning on or after January 1,  
9 2013, the property of a cable television company that  
10 consists of wire, cable, fiber optic cable, conduit  
11 systems, poles, and other equipment and machinery  
12 used by the cable television company to provide cable  
13 television services and that would otherwise be taxed  
14 as real property under section 427A.1, shall be exempt  
15 from taxation.

16 2. a. For assessment years beginning on or after  
17 January 1, 2013, such property described in subsection  
18 1 shall be assessed and subject to taxation to the  
19 extent specified herein:

20 (1) For the assessment year beginning January 1,  
21 2013, for each cable television company, the amount  
22 of actual value of such property in all assessing  
23 jurisdictions that exceeds two million dollars.

24 (2) For the assessment year beginning January 1,  
25 2014, for each cable television company, the amount  
26 of actual value of such property in all assessing  
27 jurisdictions that exceeds four million dollars.

28 (3) For the assessment year beginning January 1,  
29 2015, for each cable television company, the amount  
30 of actual value of such property in all assessing  
31 jurisdictions that exceeds six million dollars.

32 (4) For the assessment year beginning January 1,  
33 2016, for each cable television company, the amount  
34 of actual value of such property in all assessing  
35 jurisdictions that exceeds eight million dollars.

36 (5) For the assessment year beginning January 1,  
37 2017, and each assessment year thereafter, for each  
38 cable television company, the amount of actual value  
39 of such property in all assessing jurisdictions that  
40 exceeds ten million dollars.

41 b. The director of revenue, in consultation  
42 with the applicable local assessors, shall for each  
43 assessment year beginning on or after January 1, 2013,  
44 collect such assessment information that is necessary  
45 to determine for each cable television company the  
46 amount of actual value of such property that is  
47 subject to assessment and taxation in each assessing  
48 jurisdiction in the state, following imposition of the  
49 assessment and taxation limitation under paragraph  
50 "a". The total statewide amount of actual value for

SF2344.6163 (3) 84

-1-

md/sc

1/2





**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

Senate File 2344

S-5258

1 Amend Senate File 2344 as follows:

2 1. By striking everything after the enacting clause  
3 and inserting:

4 <DIVISION I

5 EARNED INCOME TAX CREDIT

6 Section 1. Section 422.12B, subsection 1, Code  
7 2011, is amended to read as follows:  
8 1. The taxes imposed under this division less the  
9 credits allowed under section 422.12 shall be reduced  
10 by an earned income credit equal to ~~seven~~ ten percent  
11 of the federal earned income credit provided in section  
12 32 of the Internal Revenue Code. Any credit in excess  
13 of the tax liability is refundable.

14 Sec. 2. RETROACTIVE APPLICABILITY. This division  
15 of this Act applies retroactively to January 1, 2012,  
16 for tax years beginning on or after that date.

17 DIVISION II

18 PROPERTY TAX ASSESSMENT LIMITATIONS — PROPERTY TAX  
19 REPLACEMENT

20 Sec. 3. Section 257.3, subsection 1, Code 2011, is  
21 amended by adding the following new paragraph:

22 NEW PARAGRAPH. *d.* The amount paid to each school  
23 district for the commercial and industrial property  
24 tax replacement claim under section 441.21A shall be  
25 regarded as property tax. The portion of the payment  
26 which is foundation property tax shall be determined by  
27 applying the foundation property tax rate to the amount  
28 computed under section 441.21A, subsection 4, paragraph  
29 "a", and such amount shall be prorated pursuant to  
30 section 441.21A, subsection 2, if applicable.

31 Sec. 4. Section 331.512, Code 2011, is amended by  
32 adding the following new subsection:

33 NEW SUBSECTION. 13A. Carry out duties relating  
34 to the calculation and payment of commercial and  
35 industrial property tax replacement claims under  
36 section 441.21A.

37 Sec. 5. Section 331.559, Code 2011, is amended by  
38 adding the following new subsection:

39 NEW SUBSECTION. 25A. Carry out duties relating  
40 to the calculation and payment of commercial and  
41 industrial property tax replacement claims under  
42 section 441.21A.

43 Sec. 6. Section 441.21, subsection 4, Code  
44 Supplement 2011, is amended to read as follows:

45 4. For valuations established as of January  
46 1, 1979, the percentage of actual value at which  
47 agricultural and residential property shall be assessed  
48 shall be the quotient of the dividend and divisor as  
49 defined in this section. The dividend for each class  
50 of property shall be the dividend as determined for



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 each class of property for valuations established as  
2 of January 1, 1978, adjusted by the product obtained  
3 by multiplying the percentage determined for that year  
4 by the amount of any additions or deletions to actual  
5 value, excluding those resulting from the revaluation  
6 of existing properties, as reported by the assessors  
7 on the abstracts of assessment for 1978, plus six  
8 percent of the amount so determined. However, if the  
9 difference between the dividend so determined for  
10 either class of property and the dividend for that  
11 class of property for valuations established as of  
12 January 1, 1978, adjusted by the product obtained by  
13 multiplying the percentage determined for that year  
14 by the amount of any additions or deletions to actual  
15 value, excluding those resulting from the revaluation  
16 of existing properties, as reported by the assessors  
17 on the abstracts of assessment for 1978, is less than  
18 six percent, the 1979 dividend for the other class of  
19 property shall be the dividend as determined for that  
20 class of property for valuations established as of  
21 January 1, 1978, adjusted by the product obtained by  
22 multiplying the percentage determined for that year  
23 by the amount of any additions or deletions to actual  
24 value, excluding those resulting from the revaluation  
25 of existing properties, as reported by the assessors on  
26 the abstracts of assessment for 1978, plus a percentage  
27 of the amount so determined which is equal to the  
28 percentage by which the dividend as determined for the  
29 other class of property for valuations established as  
30 of January 1, 1978, adjusted by the product obtained  
31 by multiplying the percentage determined for that year  
32 by the amount of any additions or deletions to actual  
33 value, excluding those resulting from the revaluation  
34 of existing properties, as reported by the assessors  
35 on the abstracts of assessment for 1978, is increased  
36 in arriving at the 1979 dividend for the other class  
37 of property. The divisor for each class of property  
38 shall be the total actual value of all such property  
39 in the state in the preceding year, as reported by the  
40 assessors on the abstracts of assessment submitted  
41 for 1978, plus the amount of value added to said  
42 total actual value by the revaluation of existing  
43 properties in 1979 as equalized by the director of  
44 revenue pursuant to section 441.49. The director shall  
45 utilize information reported on abstracts of assessment  
46 submitted pursuant to section 441.45 in determining  
47 such percentage. For valuations established as of  
48 January 1, 1980, and each assessment year thereafter  
49 beginning before January 1, 2013, the percentage of  
50 actual value as equalized by the director of revenue

SF2344.6158 (3) 84

-2-

md/sc

2/39



Iowa General Assembly  
 Daily Bills, Amendments and Study Bills  
 May 08, 2012

1 as provided in section 441.49 at which agricultural  
 2 and residential property shall be assessed shall be  
 3 calculated in accordance with the methods provided  
 4 herein including the limitation of increases in  
 5 agricultural and residential assessed values to the  
 6 percentage increase of the other class of property if  
 7 the other class increases less than the allowable limit  
 8 adjusted to include the applicable and current values  
 9 as equalized by the director of revenue, except that  
 10 any references to six percent in this subsection shall  
 11 be four percent. For valuations established as of  
 12 January 1, 2013, and each assessment year thereafter,  
 13 the percentage of actual value as equalized by the  
 14 director of revenue as provided in section 441.49 at  
 15 which agricultural and residential property shall be  
 16 assessed shall be calculated in accordance with the  
 17 methods provided herein including the limitation of  
 18 increases in agricultural and residential assessed  
 19 values to the percentage increase of the other class  
 20 of property if the other class increases less than the  
 21 allowable limit adjusted to include the applicable and  
 22 current values as equalized by the director of revenue,  
 23 except that any references to six percent in this  
 24 subsection shall be three percent.

25 Sec. 7. Section 441.21, subsection 5, Code  
 26 Supplement 2011, is amended to read as follows:

27 5. ~~a. For valuations established as of January~~  
 28 ~~1, 1979, commercial property and industrial property,~~  
 29 ~~excluding properties referred to in section 427A.1,~~  
 30 ~~subsection 8, shall be assessed as a percentage of~~  
 31 ~~the actual value of each class of property. The~~  
 32 ~~percentage shall be determined for each class of~~  
 33 ~~property by the director of revenue for the state in~~  
 34 ~~accordance with the provisions of this section. For~~  
 35 ~~valuations established as of January 1, 1979, the~~  
 36 ~~percentage shall be the quotient of the dividend and~~  
 37 ~~divisor as defined in this section. The dividend~~  
 38 ~~for each class of property shall be the total actual~~  
 39 ~~valuation for each class of property established for~~  
 40 ~~1978, plus six percent of the amount so determined.~~  
 41 ~~The divisor for each class of property shall be the~~  
 42 ~~valuation for each class of property established for~~  
 43 ~~1978, as reported by the assessors on the abstracts~~  
 44 ~~of assessment for 1978, plus the amount of value~~  
 45 ~~added to the total actual value by the revaluation~~  
 46 ~~of existing properties in 1979 as equalized by the~~  
 47 ~~director of revenue pursuant to section 441.49. For~~  
 48 ~~valuations established as of January 1, 1979, property~~  
 49 ~~valued by the department of revenue pursuant to~~  
 50 ~~chapters 428, 433, 437, and 438 shall be considered~~



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 as one class of property and shall be assessed as a  
 2 percentage of its actual value. The percentage shall  
 3 be determined by the director of revenue in accordance  
 4 with the provisions of this section. For valuations  
 5 established as of January 1, 1979, the percentage  
 6 shall be the quotient of the dividend and divisor as  
 7 defined in this section. The dividend shall be the  
 8 total actual valuation established for 1978 by the  
 9 department of revenue, plus ten percent of the amount  
 10 so determined. The divisor for property valued by  
 11 the department of revenue pursuant to chapters 428,  
 12 433, 437, and 438 shall be the valuation established  
 13 for 1978, plus the amount of value added to the total  
 14 actual value by the revaluation of the property by  
 15 the department of revenue as of January 1, 1979.  
 16 ~~For valuations established as of January 1, 1980,~~  
 17 ~~commercial property and industrial property, excluding~~  
 18 ~~properties referred to in section 427A.1, subsection~~  
 19 ~~8, shall be assessed at a percentage of the actual~~  
 20 ~~value of each class of property. The percentage~~  
 21 ~~shall be determined for each class of property by~~  
 22 ~~the director of revenue for the state in accordance~~  
 23 ~~with the provisions of this section. For valuations~~  
 24 ~~established as of January 1, 1980, the percentage~~  
 25 ~~shall be the quotient of the dividend and divisor as~~  
 26 ~~defined in this section. The dividend for each class~~  
 27 ~~of property shall be the dividend as determined for~~  
 28 ~~each class of property for valuations established as~~  
 29 ~~of January 1, 1979, adjusted by the product obtained~~  
 30 ~~by multiplying the percentage determined for that year~~  
 31 ~~by the amount of any additions or deletions to actual~~  
 32 ~~value, excluding those resulting from the revaluation~~  
 33 ~~of existing properties, as reported by the assessors~~  
 34 ~~on the abstracts of assessment for 1979, plus four~~  
 35 ~~percent of the amount so determined. The divisor~~  
 36 ~~for each class of property shall be the total actual~~  
 37 ~~value of all such property in 1979, as equalized by~~  
 38 ~~the director of revenue pursuant to section 441.49,~~  
 39 ~~plus the amount of value added to the total actual~~  
 40 ~~value by the revaluation of existing properties in~~  
 41 ~~1980. The director shall utilize information reported~~  
 42 ~~on the abstracts of assessment submitted pursuant~~  
 43 ~~to section 441.45 in determining such percentage.~~  
 44 For valuations established as of January 1, 1980,  
 45 property valued by the department of revenue pursuant  
 46 to chapters 428, 433, 437, and 438 shall be assessed  
 47 at a percentage of its actual value. The percentage  
 48 shall be determined by the director of revenue in  
 49 accordance with the provisions of this section. For  
 50 valuations established as of January 1, 1980, the



Iowa General Assembly  
 Daily Bills, Amendments and Study Bills  
 May 08, 2012

1 percentage shall be the quotient of the dividend and  
 2 divisor as defined in this section. The dividend shall  
 3 be the total actual valuation established for 1979 by  
 4 the department of revenue, plus eight percent of the  
 5 amount so determined. The divisor for property valued  
 6 by the department of revenue pursuant to chapters 428,  
 7 433, 437, and 438 shall be the valuation established  
 8 for 1979, plus the amount of value added to the total  
 9 actual value by the revaluation of the property by  
 10 the department of revenue as of January 1, 1980. ~~For~~  
 11 ~~valuations established as of January 1, 1981, and~~  
 12 ~~each year thereafter, the percentage of actual value~~  
 13 ~~as equalized by the director of revenue as provided~~  
 14 ~~in section 441.49 at which commercial property and~~  
 15 ~~industrial property, excluding properties referred to~~  
 16 ~~in section 427A.1, subsection 8, shall be assessed~~  
 17 ~~shall be calculated in accordance with the methods~~  
 18 ~~provided herein, except that any references to six~~  
 19 ~~percent in this subsection shall be four percent.~~  
 20 For valuations established as of January 1, 1981,  
 21 and each year thereafter, the percentage of actual  
 22 value at which property valued by the department of  
 23 revenue pursuant to chapters 428, 433, 437, and 438  
 24 shall be assessed shall be calculated in accordance  
 25 with the methods provided herein, except that any  
 26 references to ten percent in this subsection shall be  
 27 eight percent. For assessment years beginning on or  
 28 after January 1, 2013, but before January 1, 2019, the  
 29 percentage of actual value at which property valued by  
 30 the department of revenue pursuant to chapters 428,  
 31 433, 437, and 438 shall be assessed shall be calculated  
 32 using property valuations for the applicable assessment  
 33 years that include the total value of property exempt  
 34 from taxation under section 433.4, subsection 2,  
 35 paragraph "b", if enacted in division III of this Act,  
 36 notwithstanding section 433.4, subsection 2, paragraph  
 37 "c", if enacted in division III of this Act. Beginning  
 38 with valuations established as of January 1, 1979,  
 39 and each assessment year thereafter beginning before  
 40 January 1, 2013, property valued by the department of  
 41 revenue pursuant to chapter 434 shall also be assessed  
 42 at a percentage of its actual value which percentage  
 43 shall be equal to the percentage determined by the  
 44 director of revenue for commercial property, industrial  
 45 property, or property valued by the department of  
 46 revenue pursuant to chapters 428, 433, 437, and 438,  
 47 whichever is lowest. For valuations established  
 48 on or after January 1, 2013, property valued by the  
 49 department of revenue pursuant to chapter 434 shall  
 50 be assessed at a percentage of its actual value equal



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 to the percentage of actual value at which property  
2 assessed as commercial property is assessed for the  
3 same assessment year under paragraph "b".  
4 b. For valuations established on or after January  
5 1, 2013, commercial property, excluding properties  
6 referred to in section 427A.1, subsection 8, shall  
7 be assessed as a percentage of its actual value, as  
8 determined in this paragraph "b". For valuations  
9 established for the assessment year beginning January  
10 1, 2013, the percentage of actual value as equalized by  
11 the director of revenue as provided in section 441.49  
12 at which commercial property shall be assessed shall  
13 be ninety-eight percent. For valuations established  
14 for the assessment year beginning January 1, 2014,  
15 the percentage of actual value as equalized by the  
16 director of revenue as provided in section 441.49 at  
17 which commercial property shall be assessed shall  
18 be ninety-six percent. For valuations established  
19 for the assessment year beginning January 1, 2015,  
20 the percentage of actual value as equalized by the  
21 director of revenue as provided in section 441.49 at  
22 which commercial property shall be assessed shall  
23 be ninety-four percent. For valuations established  
24 for the assessment year beginning January 1, 2016,  
25 the percentage of actual value as equalized by the  
26 director of revenue as provided in section 441.49 at  
27 which commercial property shall be assessed shall be  
28 ninety-two percent. For valuations established for  
29 the assessment year beginning January 1, 2017, and  
30 each assessment year thereafter, the percentage of  
31 actual value as equalized by the director of revenue as  
32 provided in section 441.49 at which commercial property  
33 shall be assessed shall be ninety percent.  
34 c. For valuations established on or after January  
35 1, 2013, industrial property, excluding properties  
36 referred to in section 427A.1, subsection 8, shall  
37 be assessed as a percentage of its actual value, as  
38 determined in this paragraph "c". For valuations  
39 established for the assessment year beginning January  
40 1, 2013, the percentage of actual value as equalized by  
41 the director of revenue as provided in section 441.49  
42 at which industrial property shall be assessed shall  
43 be ninety-eight percent. For valuations established  
44 for the assessment year beginning January 1, 2014,  
45 the percentage of actual value as equalized by the  
46 director of revenue as provided in section 441.49 at  
47 which industrial property shall be assessed shall  
48 be ninety-six percent. For valuations established  
49 for the assessment year beginning January 1, 2015,  
50 the percentage of actual value as equalized by the



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 director of revenue as provided in section 441.49 at  
 2 which industrial property shall be assessed shall  
 3 be ninety-four percent. For valuations established  
 4 for the assessment year beginning January 1, 2016,  
 5 the percentage of actual value as equalized by the  
 6 director of revenue as provided in section 441.49 at  
 7 which industrial property shall be assessed shall be  
 8 ninety-two percent. For valuations established for  
 9 the assessment year beginning January 1, 2017, and  
 10 each assessment year thereafter, the percentage of  
 11 actual value as equalized by the director of revenue as  
 12 provided in section 441.49 at which industrial property  
 13 shall be assessed shall be ninety percent.

14 **Sec. 8. NEW SECTION. 441.21A Commercial and**  
 15 **industrial property tax replacement fund — replacement**  
 16 **claims.**

17 1. a. The commercial and industrial property  
 18 tax replacement fund is created in the state treasury  
 19 under the control of the department of revenue for  
 20 the payment of commercial and industrial property tax  
 21 replacement claims in fiscal years beginning on or  
 22 after July 1, 2014.

23 b. For the fiscal year beginning July 1, 2014,  
 24 there is appropriated from the general fund of the  
 25 state to the department of revenue to be credited to  
 26 the fund an amount necessary to pay all commercial  
 27 and industrial property tax replacement claims for  
 28 the fiscal year, not to exceed twenty-eight million  
 29 dollars. For the fiscal year beginning July 1, 2015,  
 30 there is appropriated from the general fund of the  
 31 state to the department of revenue to be credited to  
 32 the fund an amount necessary to pay all commercial and  
 33 industrial property tax replacement claims for the  
 34 fiscal year, not to exceed fifty-six million dollars.  
 35 For the fiscal year beginning July 1, 2016, there  
 36 is appropriated from the general fund of the state  
 37 to the department of revenue to be credited to the  
 38 fund an amount necessary to pay all commercial and  
 39 industrial property tax replacement claims for the  
 40 fiscal year, not to exceed eighty-four million dollars.  
 41 For the fiscal year beginning July 1, 2017, there is  
 42 appropriated from the general fund of the state to the  
 43 department of revenue to be credited to the fund an  
 44 amount necessary to pay all commercial and industrial  
 45 property tax replacement claims for the fiscal year,  
 46 not to exceed one hundred twelve million dollars. For  
 47 the fiscal year beginning July 1, 2018, and each fiscal  
 48 year thereafter, there is appropriated from the general  
 49 fund of the state to the department of revenue to be  
 50 credited to the fund an amount necessary to pay all



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 commercial and industrial property tax replacement  
2 claims for the fiscal year, not to exceed one hundred  
3 forty million dollars.  
4 2. Beginning with the fiscal year beginning July  
5 1, 2014, each county treasurer shall be paid from the  
6 commercial and industrial property tax replacement  
7 fund an amount equal to the amount of the commercial  
8 and industrial property tax replacement claims in the  
9 county, as calculated in subsection 4. If an amount  
10 appropriated for a fiscal year is insufficient to pay  
11 all replacement claims, the director of revenue shall  
12 prorate the disbursements from the fund to the county  
13 treasurers and shall notify the county auditors of  
14 the pro rata percentage on or before September 30.  
15 Any unspent balance in the fund as of June 30 of each  
16 year shall revert to the general fund of the state as  
17 provided by section 8.33.  
18 3. a. On or before July 1 of each fiscal year  
19 beginning on or after July 1, 2014, the assessor shall  
20 determine the total assessed value of all commercial  
21 property, industrial property, and property assessed  
22 by the department of revenue pursuant to chapter 434  
23 assessed for taxes due and payable in that fiscal year  
24 and the total assessed value of such property assessed  
25 as of January 1, 2012, and shall report the valuations  
26 to the county auditor.  
27 b. For purposes of calculating replacement claims  
28 under this division of this Act, the total assessed  
29 value of commercial property, industrial property, and  
30 property assessed by the department of revenue pursuant  
31 to chapter 434 as of January 1, 2012, shall not include  
32 property classified as multiresidential property under  
33 section 441.21, subsection 13, if enacted by division  
34 VI of this Act, which was classified as commercial  
35 property, industrial property, or property assessed by  
36 the department of revenue pursuant to chapter 434 for  
37 assessment years beginning before January 1, 2013.  
38 4. On or before September 1 of each fiscal year  
39 beginning on or after July 1, 2014, the county auditor  
40 shall prepare a statement, based upon the report  
41 received pursuant to subsection 3, listing for each  
42 taxing district in the county:  
43 a. The difference between the assessed valuation  
44 of all commercial property, industrial property,  
45 and property assessed by the department of revenue  
46 pursuant to chapter 434 for the assessment year used  
47 to calculate taxes which are due and payable in the  
48 applicable fiscal year and the assessed value of all  
49 commercial property, industrial property, and property  
50 assessed by the department of revenue pursuant to

SF2344.6158 (3) 84

-8-

md/sc

8/39



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 chapter 434 assessed as of January 1, 2012. If the  
2 assessed value of all commercial property, industrial  
3 property, and property assessed by the department of  
4 revenue pursuant to chapter 434 assessed as of January  
5 1, 2012, is less than the assessed valuation of all  
6 commercial property, industrial property, and property  
7 assessed by the department of revenue pursuant to  
8 chapter 434 for the assessment year used to calculate  
9 taxes which are due and payable in the applicable  
10 fiscal year, there is no tax replacement for that  
11 taxing district for the fiscal year.

12 *b.* The tax levy rate for each taxing district for  
13 that fiscal year.

14 *c.* The commercial and industrial property tax  
15 replacement claim for each taxing district. For  
16 fiscal years beginning on or after July 1, 2014, the  
17 replacement claim is equal to the amount determined  
18 pursuant to paragraph *a*, multiplied by the tax rate  
19 specified in paragraph *b*.

20 5. For purposes of computing replacement amounts  
21 under this section, that portion of an urban renewal  
22 area defined as the sum of the assessed valuations  
23 defined in section 403.19, subsections 1 and 2, shall  
24 be considered a taxing district.

25 6. *a.* The county auditor shall certify and forward  
26 one copy of the statement to the department of revenue  
27 not later than September 1 of each year.

28 *b.* The replacement claims shall be paid to each  
29 county treasurer in equal installments in September  
30 and March of each year. The county treasurer shall  
31 apportion the replacement claim payments among the  
32 eligible taxing districts in the county.

33 *c.* If the taxing district is an urban renewal  
34 area, the amount of the replacement claim shall be  
35 apportioned as provided in subsection 7.

36 7. *a.* If the total assessed value of property  
37 located in an urban renewal area taxing district  
38 for the assessment year for property taxes due and  
39 payable in the applicable fiscal year is equal to or  
40 more than that portion of such valuation defined in  
41 section 403.19, subsection 1, the total replacement  
42 claim amount computed pursuant to subsection 4 shall be  
43 credited to that portion of the assessed value defined  
44 in section 403.19, subsection 2.

45 *b.* If the total assessed value of the property  
46 located in an urban renewal area taxing district for  
47 the assessment year for property taxes due and payable  
48 in the applicable fiscal year is less than that portion  
49 of such valuation defined in section 403.19, subsection  
50 1, the replacement amount shall be credited to those



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 portions of the assessed value defined in section  
2 403.19, subsections 1 and 2, as follows:  
3 (1) To that portion defined in section 403.19,  
4 subsection 1, an amount equal to the amount that would  
5 be produced by multiplying the applicable consolidated  
6 levy rate times the difference between the assessed  
7 value of the taxable property defined in section  
8 403.19, subsection 1, and the total assessed value  
9 of the property located in the urban renewal area  
10 taxing district in the assessment year for property  
11 taxes due and payable in the fiscal year for which the  
12 replacement claim is computed.  
13 (2) To that portion defined in section 403.19,  
14 subsection 2, the remaining amount, if any.  
15 c. Notwithstanding the allocation provisions  
16 of paragraphs "a" and "b", the amount of the tax  
17 replacement amount that shall be allocated to that  
18 portion of the assessed value defined in section  
19 403.19, subsection 2, shall not exceed the amount  
20 equal to the amount certified to the county auditor  
21 under section 403.19 for the fiscal year in which  
22 the claim is paid, after deduction of the amount of  
23 other revenues committed for payment on that amount  
24 for the fiscal year. The amount not allocated to  
25 that portion of the assessed value defined in section  
26 403.19, subsection 2, as a result of the operation of  
27 this paragraph, shall be allocated to that portion of  
28 assessed value defined in section 403.19, subsection 1.  
29 d. The amount of the replacement claim amount  
30 credited to the portion of the assessed value defined  
31 in section 403.19, subsection 1, shall be allocated  
32 to and when received be paid into the fund for the  
33 respective taxing district as taxes by or for the  
34 taxing district into which all other property taxes  
35 are paid. The amount of the replacement claim amount  
36 credited to the portion of the assessed value defined  
37 in section 403.19, subsection 2, shall be allocated to  
38 and when collected be paid into the special fund of the  
39 municipality under section 403.19, subsection 2.  
40 Sec. 9. SAVINGS PROVISION. This division of this  
41 Act, pursuant to section 4.13, does not affect the  
42 operation of, or prohibit the application of, prior  
43 provisions of section 441.21, or rules adopted under  
44 chapter 17A to administer prior provisions of section  
45 441.21, for assessment years beginning before January  
46 1, 2013, and for duties, powers, protests, appeals,  
47 proceedings, actions, or remedies attributable to an  
48 assessment year beginning before January 1, 2013.  
49 Sec. 10. APPLICABILITY. This division of this  
50 Act applies to assessment years beginning on or after

SF2344.6158 (3) 84

-10-

md/sc

10/39



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 January 1, 2013.  
 2  
 3 DIVISION III  
 4 TELECOMMUNICATIONS PROPERTY TAX  
 5 Sec. 11. Section 427A.1, subsection 1, paragraph h,  
 6 Code 2011, is amended to read as follows:  
 7 *h.* Property assessed by the department of revenue  
 8 pursuant to sections 428.24 to 428.29, or chapters ~~433,~~  
 9 434, 437, 437A, and 438.  
 10 Sec. 12. Section 433.4, Code 2011, is amended to  
 11 read as follows:  
 12 **433.4 Assessment.**  
 13 *1.* The director of revenue shall on or before  
 14 October 31 each year, proceed to find the actual value  
 15 of the property of these companies in this state used  
 16 by the companies in the transaction of telegraph and  
 17 telephone business, taking into consideration the  
 18 information obtained from the statements required, and  
 19 any further information the director can obtain, using  
 20 the same as a means for determining the actual cash  
 21 value of the property of these companies within this  
 22 state. ~~The director shall also take into consideration~~  
 23 ~~the valuation of all property of these companies,~~  
 24 ~~including franchises and the use of the property in~~  
 25 ~~connection with lines outside the state, and making~~  
 26 ~~these deductions as may be necessary on account of~~  
 27 ~~extra value of property outside the state as compared~~  
 28 ~~with the value of property in the state, in order that~~  
 29 ~~the actual cash value of the property of the company~~  
 30 ~~within this state may be ascertained. The assessment~~  
 31 ~~shall include all property of every kind and character~~  
 32 ~~whatsoever, real, personal, or mixed, used by the~~  
 33 ~~companies in the transaction of telegraph and telephone~~  
 34 ~~business; and the~~ The property so included in the  
 35 assessment shall not be taxed in any other manner than  
 36 as provided in this chapter.  
 37 *2. a.* Except as provided in paragraph "c", for  
 38 assessment years beginning on or after January 1,  
 39 2013, a company's property, excluding the property  
 40 identified in paragraph "b" as exempt from taxation,  
 41 shall be subject to assessment and taxation under this  
 42 chapter by the director of revenue in the same manner  
 43 as property assessed and taxed as commercial property  
 44 under chapters 427, 427A, 427B, 428, and 441.  
 45 *b.* All of the following is exempt from taxation and  
 46 shall not be assessed for taxation under this chapter:  
 47 (1) Central office equipment.  
 48 (2) Transmission equipment.  
 49 (3) Qualified telephone company property. However,  
 50 qualified telephone company property shall be valued  
and included in the company's assessment for the



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 assessment years, and to the extent specified, in  
 2 paragraph "c".  
 3 (4) Intangible property.  
 4 c. For assessment years beginning on or after  
 5 January 1, 2013, but before January 1, 2018, the  
 6 director of revenue shall include as part of the actual  
 7 value determined under paragraph "a" for the applicable  
 8 assessment year, the following:  
 9 (1) For the assessment year beginning January  
 10 1, 2013, an amount equal to the actual value of the  
 11 company's qualified telephone company property that  
 12 exceeds five million dollars.  
 13 (2) For the assessment year beginning January  
 14 1, 2014, an amount equal to the actual value of the  
 15 company's qualified telephone company property that  
 16 exceeds twenty-five million dollars.  
 17 (3) For the assessment year beginning January  
 18 1, 2015, an amount equal to the actual value of the  
 19 company's qualified telephone company property that  
 20 exceeds fifty million dollars.  
 21 (4) For the assessment year beginning January  
 22 1, 2016, an amount equal to the actual value of the  
 23 company's qualified telephone company property that  
 24 exceeds one hundred million dollars.  
 25 (5) For the assessment year beginning January  
 26 1, 2017, an amount equal to the actual value of the  
 27 company's qualified telephone company property that  
 28 exceeds one hundred fifty million dollars.  
 29 Sec. 13. Section 433.12, Code 2011, is amended by  
 30 adding the following new subsections:  
 31 NEW SUBSECTION. 1A. As used in this chapter,  
 32 "central office equipment" means equipment owned or  
 33 leased by a company and used in initiating, amplifying,  
 34 switching, or monitoring telecommunications services,  
 35 including such ancillary equipment necessary for the  
 36 support, regulation, control, repair, or testing of  
 37 such equipment.  
 38 NEW SUBSECTION. 2A. As used in this chapter,  
 39 "intangible property" includes but is not limited to  
 40 goodwill associated with a company.  
 41 NEW SUBSECTION. 3. As used in this chapter,  
 42 "qualified telephone company property" means telephone  
 43 wire, telephone cable, fiber optic cable, conduit  
 44 systems, poles, or other equipment owned or leased by  
 45 a company and used by the company to transmit sound or  
 46 data.  
 47 NEW SUBSECTION. 4. As used in this chapter,  
 48 "transmission equipment" means equipment owned or  
 49 leased by a company and used in the process of sending  
 50 information from one location to another location,



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 including such ancillary equipment necessary for the  
 2 support, regulation, control, repair, or testing of  
 3 such equipment.

4 Sec. 14. Section 476.1D, subsection 10, Code  
 5 Supplement 2011, is amended by striking the subsection.

6 Sec. 15. SAVINGS PROVISION. This division of this  
 7 Act, pursuant to section 4.13, does not affect the  
 8 operation of, or prohibit the application of, prior  
 9 provisions of chapter 433, or rules adopted under  
 10 chapter 17A to administer prior provisions of chapter  
 11 433, for assessment years beginning before January  
 12 1, 2013, and for duties, powers, protests, appeals,  
 13 proceedings, actions, or remedies attributable to an  
 14 assessment year beginning before January 1, 2013.

15 Sec. 16. IMPLEMENTATION. Section 25B.7 shall not  
 16 apply to this division of this Act.

17 Sec. 17. EFFECTIVE DATE.

18 1. Except as provided in subsection 2, this  
 19 division of this Act takes effect July 1, 2012.

20 2. The section of this division of this Act  
 21 amending section 476.1D takes effect July 1, 2017.

22 Sec. 18. APPLICABILITY.

23 1. Except as provided in subsection 2, this  
 24 division of this Act applies to assessment years  
 25 beginning on or after January 1, 2013.

26 2. The section of this division of this Act  
 27 amending section 476.1D applies to assessment years  
 28 beginning on or after January 1, 2018.

29 DIVISION IV

30 COUNTY AND CITY BUDGET LIMITATION

31 Sec. 19. Section 23A.2, subsection 10, paragraph h,  
 32 Code 2011, is amended to read as follows:

33 *h.* The performance of an activity listed in  
 34 section 331.424, Code 2011, as a service for which a  
 35 ~~supplemental levy county may be certified include in~~  
 36 its budget.

37 Sec. 20. Section 28M.5, subsection 2, Code 2011, is  
 38 amended to read as follows:

39 2. If a regional transit district budget allocates  
 40 revenue responsibilities to the board of supervisors  
 41 of a participating county, the amount of the regional  
 42 transit district levy that is the responsibility of the  
 43 participating county shall be deducted from the maximum  
 44 ~~rates~~ amount of taxes authorized to be levied by the  
 45 county pursuant to section 331.423, ~~subsections 1 and~~  
 46 ~~2~~ subsection 3, paragraphs "b" and "c", as applicable,  
 47 unless the county meets its revenue responsibilities as  
 48 allocated in the budget from other available revenue  
 49 sources. However, for a regional transit district  
 50 that includes a county with a population of less than



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 three hundred thousand, the amount of the regional  
 2 transit district levy that is the responsibility of  
 3 such participating county shall be deducted from the  
 4 maximum ~~rate~~ amount of taxes authorized to be levied  
 5 by the county pursuant to section 331.423, subsection  
 6 ~~1~~ 3, paragraph "b".

7 Sec. 21. Section 123.38, subsection 2, Code 2011,  
 8 is amended to read as follows:

9 2. Any licensee or permittee, or the licensee's  
 10 or permittee's executor or administrator, or any  
 11 person duly appointed by the court to take charge of  
 12 and administer the property or assets of the licensee  
 13 or permittee for the benefit of the licensee's or  
 14 permittee's creditors, may voluntarily surrender a  
 15 license or permit to the division. When a license  
 16 or permit is surrendered the division shall notify  
 17 the local authority, and the division or the local  
 18 authority shall refund to the person surrendering the  
 19 license or permit, a proportionate amount of the fee  
 20 received by the division or the local authority for  
 21 the license or permit as follows: if a license or  
 22 permit is surrendered during the first three months  
 23 of the period for which it was issued, the refund  
 24 shall be three-fourths of the amount of the fee;  
 25 if surrendered more than three months but not more  
 26 than six months after issuance, the refund shall be  
 27 one-half of the amount of the fee; if surrendered more  
 28 than six months but not more than nine months after  
 29 issuance, the refund shall be one-fourth of the amount  
 30 of the fee. No refund shall be made, however, for  
 31 any special liquor permit, nor for a liquor control  
 32 license, wine permit, or beer permit surrendered more  
 33 than nine months after issuance. For purposes of this  
 34 subsection, any portion of license or permit fees  
 35 used for the purposes authorized in section 331.424,  
 36 subsection 1, paragraph "a", subparagraphs (1) and  
 37 (2), Code 2011, and in section 331.424A, shall not be  
 38 deemed received either by the division or by a local  
 39 authority. No refund shall be made to any licensee or  
 40 permittee, upon the surrender of the license or permit,  
 41 if there is at the time of surrender, a complaint filed  
 42 with the division or local authority, charging the  
 43 licensee or permittee with a violation of this chapter.  
 44 If upon a hearing on a complaint the license or permit  
 45 is not revoked or suspended, then the licensee or  
 46 permittee is eligible, upon surrender of the license  
 47 or permit, to receive a refund as provided in this  
 48 section; but if the license or permit is revoked or  
 49 suspended upon hearing the licensee or permittee is not  
 50 eligible for the refund of any portion of the license

SF2344.6158 (3) 84



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 or permit fee.

2 Sec. 22. Section 218.99, Code 2011, is amended to  
 3 read as follows:

4 **218.99 Counties to be notified of patients' personal**  
 5 **accounts.**

6 The administrator in control of a state institution  
 7 shall direct the business manager of each institution  
 8 under the administrator's jurisdiction ~~which is~~  
 9 ~~mentioned in section 331.424, subsection 1, paragraph~~  
 10 ~~"a", subparagraphs (1) and (2), and for which services~~  
 11 are paid under section 331.424A, to quarterly inform  
 12 the county of legal settlement's entity designated to  
 13 perform the county's central point of coordination  
 14 process of any patient or resident who has an amount  
 15 in excess of two hundred dollars on account in the  
 16 patients' personal deposit fund and the amount on  
 17 deposit. The administrators shall direct the business  
 18 manager to further notify the entity designated to  
 19 perform the county's central point of coordination  
 20 process at least fifteen days before the release of  
 21 funds in excess of two hundred dollars or upon the  
 22 death of the patient or resident. If the patient or  
 23 resident has no county of legal settlement, notice  
 24 shall be made to the director of human services and the  
 25 administrator in control of the institution involved.

26 Sec. 23. Section 331.263, subsection 2, Code 2011,  
 27 is amended to read as follows:

28 2. The governing body of the community commonwealth  
 29 shall have the authority to levy county taxes and shall  
 30 have the authority to levy city taxes to the extent the  
 31 city tax levy authority is transferred by the charter  
 32 to the community commonwealth. A city participating  
 33 in the community commonwealth shall transfer a portion  
 34 of the city's tax levy authorized under section 384.1  
 35 or 384.12, whichever is applicable, to the governing  
 36 body of the community commonwealth. The maximum  
 37 rates amount of taxes authorized to be levied under  
 38 ~~sections section 384.1 and the maximum amount of taxes~~  
 39 ~~authorized to be levied under section 384.12 by a city~~  
 40 ~~participating in the community commonwealth shall be~~  
 41 reduced by an amount equal to the rates of the same or  
 42 similar taxes levied in the city by the governing body  
 43 of the community commonwealth.

44 Sec. 24. Section 331.301, subsection 12, Code  
 45 Supplement 2011, is amended to read as follows:

46 12. The board of supervisors may credit funds to  
 47 a reserve for the purposes authorized by subsection  
 48 11 of this section; ~~section 331.424, subsection 1,~~  
 49 ~~paragraph "a", subparagraph (6); and section 331.441,~~  
 50 subsection 2, paragraph "b". Moneys credited to the



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 reserve, and interest earned on such moneys, shall  
 2 remain in the reserve until expended for purposes  
 3 authorized by subsection 11 of this section; ~~section~~  
 4 ~~331.424, subsection 1, paragraph "a", subparagraph (6);~~  
 5 or section 331.441, subsection 2, paragraph "b".  
 6 Sec. 25. Section 331.421, subsections 1 and 10,  
 7 Code 2011, are amended by striking the subsections.  
 8 Sec. 26. Section 331.421, Code 2011, is amended by  
 9 adding the following new subsection:  
 10 **NEW SUBSECTION. 7A. "Item"** means a budgeted  
 11 expenditure, appropriation, or cash reserve from a  
 12 fund for a service area, program, program element, or  
 13 purpose.  
 14 Sec. 27. Section 331.423, Code 2011, is amended by  
 15 striking the section and inserting in lieu thereof the  
 16 following:  
 17 **331.423 Property tax dollars — maximums.**  
 18 1. Annually, the board shall determine separate  
 19 property tax levy limits to pay for general county  
 20 services and rural county services in accordance with  
 21 this section. The property tax levies separately  
 22 certified for general county services and rural county  
 23 services under section 331.434 shall not raise property  
 24 tax dollars that exceed the amount determined under  
 25 this section.  
 26 2. For purposes of this section and section  
 27 331.423B, unless the context otherwise requires:  
 28 a. "*Annual growth factor*" means an index, expressed  
 29 as a percentage, determined by the department of  
 30 management by January 1 of the calendar year in which  
 31 the budget year begins. In determining the annual  
 32 growth factor, the department shall calculate the  
 33 average of the preceding twelve-month percentage  
 34 change, which shall be computed on a monthly basis,  
 35 in the midwest consumer price index, ending with the  
 36 percentage change for the month of November. The  
 37 department shall then add that average percentage  
 38 change to one hundred percent. In no case, however,  
 39 shall the annual growth factor exceed one hundred four  
 40 percent.  
 41 b. "*Boundary adjustment*" means annexation,  
 42 severance, incorporation, or discontinuance as those  
 43 terms are defined in section 368.1.  
 44 c. "*Budget year*" is the fiscal year beginning  
 45 during the calendar year in which a budget is  
 46 certified.  
 47 d. "*Current fiscal year*" is the fiscal year  
 48 ending during the calendar year in which a budget is  
 49 certified.  
 50 e. "*Net new valuation taxes*" means the amount of



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 property tax dollars equal to the current fiscal year's  
2 levy rate in the county for general county services or  
3 for rural county services, as applicable, multiplied by  
4 the increase from the current fiscal year to the budget  
5 year in taxable valuation due to the following:

6 (1) Net new construction, excluding all incremental  
7 valuation that is released in any one year from either  
8 a division of revenue under section 260E.4 or 357H.9,  
9 or an urban renewal area for which taxes were being  
10 divided under section 403.19 if the property for  
11 the valuation being released remains subject to the  
12 division of revenue under section 260E.4 or 357H.9, or  
13 remains part of the urban renewal area that is subject  
14 to a division of revenue under section 403.19.

15 (2) Additions or improvements to existing  
16 structures.

17 (3) Remodeling of existing structures for which a  
18 building permit is required.

19 (4) Net boundary adjustment.

20 (5) A municipality no longer dividing tax revenues  
21 in an urban renewal area as provided in section 403.19,  
22 a community college no longer dividing revenues as  
23 provided in section 260E.4, or a rural improvement zone  
24 no longer dividing revenues as provided in section  
25 357H.9.

26 (6) That portion of taxable property located in an  
27 urban revitalization area on which an exemption was  
28 allowed and such exemption has expired.

29 3. a. For the fiscal year beginning July 1, 2013,  
30 and subsequent fiscal years, the maximum amount of  
31 property tax dollars which may be certified for levy by  
32 a county for general county services and rural county  
33 services shall be the maximum property tax dollars  
34 calculated under paragraphs "b" and "c", respectively.

35 b. The maximum property tax dollars that may be  
36 levied for general county services is an amount equal  
37 to the sum of the following:

38 (1) The annual growth factor times the current  
39 fiscal year's maximum property tax dollars for general  
40 county services.

41 (2) The amount of net new valuation taxes in the  
42 county.

43 c. The maximum property tax dollars that may be  
44 levied for rural county services is an amount equal to  
45 the sum of the following:

46 (1) The annual growth factor times the current  
47 fiscal year's maximum property tax dollars for rural  
48 county services.

49 (2) The amount of net new valuation taxes in the  
50 unincorporated area of the county.



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1     4. *a.* For purposes of calculating maximum property  
2 tax dollars for general county services for the fiscal  
3 year beginning July 1, 2013, only, the term "*current*  
4 *fiscal year's maximum property tax dollars*" shall mean  
5 the total amount of property tax dollars certified by  
6 the county for general county services for the fiscal  
7 year beginning July 1, 2012.

8     *b.* For purposes of calculating maximum property tax  
9 dollars for rural county services for the fiscal year  
10 beginning July 1, 2013, only, the term "*current fiscal*  
11 *year's maximum property tax dollars*" shall mean the  
12 total amount of property tax dollars certified by the  
13 county for rural county services for the fiscal year  
14 beginning July 1, 2012.

15     5. Property taxes certified for mental health,  
16 mental retardation, and developmental disabilities  
17 services, the emergency services fund in section  
18 331.424C, the debt service fund in section 331.430,  
19 any capital projects fund established by the county  
20 for deposit of bond, loan, or note proceeds, and  
21 any temporary increase approved pursuant to section  
22 331.424, are not included in the maximum amount of  
23 property tax dollars that may be certified for a budget  
24 year under subsection 3.

25     6. The department of management, in consultation  
26 with the county finance committee, shall adopt rules  
27 to administer this section. The department shall  
28 prescribe forms to be used by counties when making  
29 calculations required by this section.

30     Sec. 28. NEW SECTION. **331.423B Ending fund**  
31 **balance.**

32     1. *a.* Budgeted ending fund balances for a budget  
33 year in excess of twenty-five percent of budgeted  
34 expenditures in either the general fund or rural  
35 services fund for that budget year shall be explicitly  
36 reserved or designated for a specific purpose.

37     *b.* A county is encouraged, but not required, to  
38 reduce ending fund balances for the budget year to an  
39 amount equal to approximately twenty-five percent of  
40 budgeted expenditures and transfers from the general  
41 fund and rural services fund for that budget year  
42 unless a decision is certified by the state appeal  
43 board ordering a reduction in the ending fund balance  
44 of any of those funds.

45     *c.* In a protest to the county budget under section  
46 331.436, the county shall have the burden of proving  
47 that the budgeted balances in excess of twenty-five  
48 percent are reasonably likely to be appropriated for  
49 the explicitly reserved or designated specific purpose.  
50 The excess budgeted balance for the specific purpose



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 shall be considered an increase in an item in the  
2 budget for purposes of section 24.28.

3     2. *a.* For a county that has, as of June 30, 2012,  
4 reduced its actual ending fund balance to less than  
5 twenty-five percent of actual expenditures, additional  
6 property taxes may be computed and levied as provided  
7 in this subsection. The additional property tax levy  
8 amount is an amount not to exceed twenty-five percent  
9 of actual expenditures from the general fund and rural  
10 services fund for the fiscal year beginning July 1,  
11 2011, minus the combined ending fund balances for those  
12 funds for that year.

13     *b.* The amount of the additional property taxes  
14 shall be apportioned between the general fund and the  
15 rural services fund. However, the amount apportioned  
16 for general county services and for rural county  
17 services shall not exceed for each fund twenty-five  
18 percent of actual expenditures for the fiscal year  
19 beginning July 1, 2011.

20     *c.* All or a portion of additional property tax  
21 dollars may be levied for the purpose of increasing  
22 cash reserves for general county services and rural  
23 county services in the budget year. The additional  
24 property tax dollars authorized under this subsection  
25 but not levied may be carried forward as unused ending  
26 fund balance taxing authority until and for the fiscal  
27 year beginning July 1, 2018. The amount carried  
28 forward shall not exceed twenty-five percent of the  
29 maximum amount of property tax dollars available in  
30 the current fiscal year. Additionally, property taxes  
31 that are levied as unused ending fund balance taxing  
32 authority under this subsection may be the subject of  
33 a protest under section 331.436, and the amount will  
34 be considered an increase in an item in the budget for  
35 purposes of section 24.28. The amount of additional  
36 property taxes levied under this subsection shall not  
37 be included in the computation of the maximum amount of  
38 property tax dollars which may be certified and levied  
39 under section 331.423.

40     Sec. 29. Section 331.424, Code 2011, is amended by  
41 striking the section and inserting in lieu thereof the  
42 following:

43     **331.424 Authority to levy beyond maximum property**  
44 **tax dollars.**

45     1. The board may certify additions to the maximum  
46 amount of property tax dollars to be levied for  
47 a period of time not to exceed two years if the  
48 proposition has been submitted at a special election  
49 and received a favorable majority of the votes cast on  
50 the proposition.

SF2344.6158 (3) 84

-19-

md/sc

19/39



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1     2. The special election is subject to the  
2 following:  
3     *a.* The board must give at least thirty-two days'  
4 notice to the county commissioner of elections that the  
5 special election is to be held. In no case, however,  
6 shall a notice be given to the county commissioner  
7 of elections after December 31 for an election on a  
8 proposition to exceed the statutory limits during the  
9 fiscal year beginning in the next calendar year.  
10    *b.* The special election shall be conducted by the  
11 county commissioner of elections in accordance with  
12 law.  
13    *c.* The proposition to be submitted shall be  
14 substantially in the following form:  
15    Vote "yes" or "no" on the following: Shall the  
16 county of \_\_\_\_\_ levy for an additional \$\_\_\_\_\_ each  
17 year for \_\_\_ years beginning July 1, \_\_\_\_\_, in excess  
18 of the statutory limits otherwise applicable for the  
19 (general county services or rural services) fund?  
20    *d.* The canvass shall be held beginning at 1:00 p.m.  
21 on the second day which is not a holiday following the  
22 special election.  
23    *e.* Notice of the special election shall be  
24 published at least once in a newspaper as specified  
25 in section 331.305 prior to the date of the special  
26 election. The notice shall appear as early as  
27 practicable after the board has voted to submit a  
28 proposition to the voters to levy additional property  
29 tax dollars.  
30     3. Registered voters in the county may vote on the  
31 proposition to increase property taxes for the general  
32 fund in excess of the statutory limit. Registered  
33 voters residing outside the corporate limits of a  
34 city within the county may vote on the proposition to  
35 increase property taxes for the rural services fund in  
36 excess of the statutory limit.  
37     4. The amount of additional property tax dollars  
38 certified under this section shall not be included in  
39 the computation of the maximum amount of property tax  
40 dollars which may be certified and levied under section  
41 331.423.  
42     Sec. 30. Section 331.424A, subsection 4, Code  
43 Supplement 2011, is amended to read as follows:  
44     4. For the fiscal year beginning July 1, 1996,  
45 and for each subsequent fiscal year, the county shall  
46 certify a levy for payment of services. For each  
47 fiscal year, county revenues from taxes imposed by the  
48 county credited to the services fund shall not exceed  
49 an amount equal to the amount of base year expenditures  
50 for services as defined in section 331.438, less the

SF2344.6158 (3) 84

-20-

md/sc

20/39



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 amount of property tax relief to be received pursuant  
 2 to section 426B.2, in the fiscal year for which the  
 3 budget is certified. The county auditor and the  
 4 board of supervisors shall reduce the amount of the  
 5 levy certified for the services fund by the amount of  
 6 property tax relief to be received. A levy certified  
 7 under this section is not subject to ~~the appeal~~  
 8 ~~provisions of section 331.426 or to any other provision~~  
 9 in law authorizing a county to exceed, increase, or  
 10 appeal a property tax levy limit.

11 Sec. 31. Section 331.427, subsection 3, paragraph  
 12 1, Code 2011, is amended to read as follows:

13 1. Services listed in section 331.424, subsection  
 14 1, Code 2011, and section 331.554.

15 Sec. 32. Section 331.428, subsection 2, paragraph  
 16 d, Code 2011, is amended to read as follows:

17 d. Services listed under section 331.424,  
 18 subsection 2, Code 2011.

19 Sec. 33. Section 331.434, subsection 1, Code 2011,  
 20 is amended to read as follows:

21 1. The budget shall show the amount required for  
 22 each class of proposed expenditures, a comparison of  
 23 the amounts proposed to be expended with the amounts  
 24 expended for like purposes for the two preceding years,  
 25 the revenues from sources other than property taxation,  
 26 and the amount to be raised by property taxation, in  
 27 the detail and form prescribed by the director of the  
 28 department of management. For each county that has  
 29 established an urban renewal area, the budget shall  
 30 include estimated and actual tax increment financing  
 31 revenues and all estimated and actual expenditures of  
 32 the revenues, proceeds from debt and all estimated  
 33 and actual expenditures of the debt proceeds, and  
 34 identification of any entity receiving a direct payment  
 35 of taxes funded by tax increment financing revenues  
 36 and shall include the total amount of loans, advances,  
 37 indebtedness, or bonds outstanding at the close of  
 38 the most recently ended fiscal year, which qualify  
 39 for payment from the special fund created in section  
 40 403.19, including interest negotiated on such loans,  
 41 advances, indebtedness, or bonds. For purposes of this  
 42 subsection, "indebtedness" includes written agreements  
 43 whereby the county agrees to suspend, abate, exempt,  
 44 rebate, refund, or reimburse property taxes, provide a  
 45 grant for property taxes paid, or make a direct payment  
 46 of taxes, with moneys in the special fund. The amount  
 47 of loans, advances, indebtedness, or bonds shall be  
 48 listed in the aggregate for each county reporting. ~~The~~  
 49 ~~county finance committee, in consultation with the~~  
 50 ~~department of management and the legislative services~~



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 ~~agency, shall determine reporting criteria and shall~~  
 2 ~~prepare a form for reports filed with the department~~  
 3 ~~pursuant to this section. The department shall make~~  
 4 ~~the information available by electronic means.~~

5 Sec. 34. Section 373.10, Code 2011, is amended to  
 6 read as follows:

7 **373.10 Taxing authority.**

8 The metropolitan council shall have the authority  
 9 to levy city taxes to the extent the city tax levy  
 10 authority is transferred by the charter to the  
 11 metropolitan council. A member city shall transfer  
 12 a portion of the city's tax levy authorized under  
 13 section 384.1 or 384.12, whichever is applicable, to  
 14 the metropolitan council. The maximum rates amount of  
 15 taxes authorized to be levied under sections section  
 16 384.1 and the taxes authorized to be levied under  
 17 section

18 384.12 by a member city shall be reduced by an amount  
 19 equal to the rates of the same or similar taxes levied  
 20 in the city by the metropolitan council.

21 Sec. 35. Section 384.1, Code 2011, is amended by  
 22 striking the section and inserting in lieu thereof the  
 23 following:

24 **384.1 Property tax dollars — maximums.**

25 1. A city shall certify taxes to be levied by the  
 26 city on all taxable property within the city limits,  
 27 for all city government purposes. Annually, the city  
 28 council may certify basic levies for city government  
 29 purposes, subject to the limitation on property tax  
 30 dollars provided in this section.

31 2. For purposes of this section and section 384.1B,  
 32 unless the context otherwise requires:

33 *a. "Annual growth factor" means an index, expressed*  
 34 *as a percentage, determined by the department of*  
 35 *management by January 1 of the calendar year in which*  
 36 *the budget year begins. In determining the annual*  
 37 *growth factor, the department shall calculate the*  
 38 *average of the preceding twelve-month percentage*  
 39 *change, which shall be computed on a monthly basis,*  
 40 *in the midwest consumer price index, ending with the*  
 41 *percentage change for the month of November. The*  
 42 *department shall then add that average percentage*  
 43 *change to one hundred percent. In no case, however,*  
 44 *shall the annual growth factor exceed one hundred four*  
 45 *percent.*

46 *b. "Boundary adjustment" means annexation,*  
 47 *severance, incorporation, or discontinuance as those*  
 48 *terms are defined in section 368.1.*

49 *c. "Budget year" is the fiscal year beginning*  
 50 *during the calendar year in which a budget is*



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 certified.  
2 *d. "Current fiscal year"* is the fiscal year  
3 ending during the calendar year in which a budget is  
4 certified.  
5 *e. "Net new valuation taxes"* means the amount of  
6 property tax dollars equal to the current fiscal year's  
7 levy rate in the city for the general fund multiplied  
8 by the increase from the current fiscal year to the  
9 budget year in taxable valuation due to the following:  
10 (1) Net new construction, excluding all incremental  
11 valuation that is released in any one year from either  
12 a division of revenue under section 260E.4 or an urban  
13 renewal area for which taxes were being divided under  
14 section 403.19 if the property for the valuation being  
15 released remains subject to the division of revenue  
16 under section 260E.4 or remains part of the urban  
17 renewal area that is subject to a division of revenue  
18 under section 403.19.  
19 (2) Additions or improvements to existing  
20 structures.  
21 (3) Remodeling of existing structures for which a  
22 building permit is required.  
23 (4) Net boundary adjustment.  
24 (5) A municipality no longer dividing tax revenues  
25 in an urban renewal area as provided in section 403.19  
26 or a community college no longer dividing revenues as  
27 provided in section 260E.4.  
28 (6) That portion of taxable property located in an  
29 urban revitalization area on which an exemption was  
30 allowed and such exemption has expired.  
31 3. *a.* For the fiscal year beginning July 1, 2013,  
32 and subsequent fiscal years, the maximum amount of  
33 property tax dollars which may be certified for levy  
34 by a city for the general fund shall be the maximum  
35 property tax dollars calculated under paragraph *"b"*.  
36 *b.* The maximum property tax dollars that may be  
37 levied for deposit in the general fund is an amount  
38 equal to the sum of the following:  
39 (1) The annual growth factor times the current  
40 fiscal year's maximum property tax dollars for the  
41 general fund.  
42 (2) The amount of net new valuation taxes in the  
43 city.  
44 4. For purposes of calculating maximum property tax  
45 dollars for the city general fund for the fiscal year  
46 beginning July 1, 2013, only, the term *"current fiscal*  
47 *year's maximum property tax dollars"* shall mean the  
48 total amount of property tax dollars certified by the  
49 city for the city's general fund for the fiscal year  
50 beginning July 1, 2012.

SF2344.6158 (3) 84

-23-

md/sc

23/39



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 5. Property taxes certified for deposit in the  
2 debt service fund in section 384.4, trust and agency  
3 funds in section 384.6, capital improvements reserve  
4 fund in section 384.7, the emergency fund in section  
5 384.8, any capital projects fund established by the  
6 city for deposit of bond, loan, or note proceeds,  
7 any temporary increase approved pursuant to section  
8 384.12A, property taxes collected from a voted levy  
9 in section 384.12, and property taxes levied under  
10 section 384.12, subsection 18, are not counted against  
11 the maximum amount of property tax dollars that may be  
12 certified for a fiscal year under subsection 3.

13 6. Notwithstanding the maximum amount of taxes  
14 a city may certify for levy, the tax levied by a  
15 city on tracts of land and improvements on the  
16 tracts of land used and assessed for agricultural or  
17 horticultural purposes shall not exceed three dollars  
18 and three-eighths cents per thousand dollars of  
19 assessed value in any year. Improvements located on  
20 such tracts of land and not used for agricultural or  
21 horticultural purposes and all residential dwellings  
22 are subject to the same rate of tax levied by the city  
23 on all other taxable property within the city.

24 7. The department of management, in consultation  
25 with the city finance committee, shall adopt rules  
26 to administer this section. The department shall  
27 prescribe forms to be used by cities when making  
28 calculations required by this section.

29 **Sec. 36. NEW SECTION. 384.1B Ending fund balance.**

30 1. a. Budgeted ending fund balances for a budget  
31 year in excess of twenty-five percent of budgeted  
32 expenditures from the general fund for that budget  
33 year shall be explicitly reserved or designated for a  
34 specific purpose.

35 b. A city is encouraged, but not required, to  
36 reduce ending fund balances for the budget year to  
37 an amount equal to approximately twenty-five percent  
38 of budgeted expenditures and transfers from the  
39 general fund for that budget year unless a decision  
40 is certified by the state appeal board ordering a  
41 reduction in the ending fund balance of the fund.

42 c. In a protest to the city budget under section  
43 384.19, the city shall have the burden of proving  
44 that the budgeted balances in excess of twenty-five  
45 percent are reasonably likely to be appropriated for  
46 the explicitly reserved or designated specific purpose.  
47 The excess budgeted balance for the specific purpose  
48 shall be considered an increase in an item in the  
49 budget for purposes of section 24.28.

50 2. a. For a city that has, as of June 30,



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 2012, reduced its ending fund balance to less than  
 2 twenty-five percent of actual expenditures, additional  
 3 property taxes may be computed and levied as provided  
 4 in this subsection. The additional property tax levy  
 5 amount is an amount not to exceed the difference  
 6 between twenty-five percent of actual expenditures for  
 7 city government purposes for the fiscal year beginning  
 8 July 1, 2011, minus the ending fund balance for that  
 9 year.

10 *b.* All or a portion of additional property tax  
 11 dollars may be levied for the purpose of increasing  
 12 cash reserves for city government purposes in the  
 13 budget year. The additional property tax dollars  
 14 authorized under this subsection but not levied may be  
 15 carried forward as unused ending fund balance taxing  
 16 authority until and for the fiscal year beginning  
 17 July 1, 2018. The amount carried forward shall not  
 18 exceed twenty-five percent of the maximum amount of  
 19 property tax dollars available in the current fiscal  
 20 year. Additionally, property taxes that are levied  
 21 as unused ending fund balance taxing authority under  
 22 this subsection may be the subject of a protest under  
 23 section 384.19, and the amount will be considered an  
 24 increase in an item in the budget for purposes of  
 25 section 24.28. The amount of additional property tax  
 26 dollars levied under this subsection shall not be  
 27 included in the computation of the maximum amount of  
 28 property tax dollars which may be certified and levied  
 29 under section 384.1.

30 Sec. 37. Section 384.12, subsection 20, Code 2011,  
 31 is amended by striking the subsection.

32 Sec. 38. **NEW SECTION. 384.12A Authority to levy**  
 33 **beyond maximum property tax dollars.**

34 1. The city council may certify additions to the  
 35 maximum amount of property tax dollars to be levied  
 36 for a period of time not to exceed two years if the  
 37 proposition has been submitted at a special election  
 38 and received a favorable majority of the votes cast on  
 39 the proposition.

40 2. The special election is subject to the  
 41 following:

42 *a.* The city council must give at least thirty-two  
 43 days' notice to the county commissioner of elections  
 44 that the special election is to be held. In no  
 45 case, however, shall a notice be given to the county  
 46 commissioner of elections after December 31 for an  
 47 election on a proposition to exceed the statutory  
 48 limits during the fiscal year beginning in the next  
 49 calendar year.

50 *b.* The special election shall be conducted by the



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 county commissioner of elections in accordance with  
 2 law.

3 *c.* The proposition to be submitted shall be  
 4 substantially in the following form:

5 Vote "yes" or "no" on the following: Shall the city  
 6 of \_\_\_\_\_ levy for an additional \$ \_\_\_\_\_ each year  
 7 for \_\_\_ years beginning next July 1, \_\_\_\_, in excess of  
 8 the statutory limits otherwise applicable for the city  
 9 general fund?

10 *d.* The canvass shall be held beginning at 1:00 p.m.  
 11 on the second day which is not a holiday following the  
 12 special election.

13 *e.* Notice of the special election shall be  
 14 published at least once in a newspaper as specified  
 15 in section 362.3 prior to the date of the special  
 16 election. The notice shall appear as early as  
 17 practicable after the city council has voted to submit  
 18 a proposition to the voters to levy additional property  
 19 tax dollars.

20 3. The amount of additional property tax dollars  
 21 certified under this section shall not be included in  
 22 the computation of the maximum amount of property tax  
 23 dollars which may be certified and levied under section  
 24 384.1.

25 Sec. 39. Section 384.16, subsection 1, paragraph b,  
 26 Code 2011, is amended to read as follows:

27 *b.* A budget must show comparisons between the  
 28 estimated expenditures in each program in the following  
 29 year, the latest estimated expenditures in each program  
 30 in the current year, and the actual expenditures in  
 31 each program from the annual report as provided in  
 32 section 384.22, or as corrected by a subsequent audit  
 33 report. Wherever practicable, as provided in rules  
 34 of the committee, a budget must show comparisons  
 35 between the levels of service provided by each program  
 36 as estimated for the following year, and actual  
 37 levels of service provided by each program during  
 38 the two preceding years. For each city that has  
 39 established an urban renewal area, the budget shall  
 40 include estimated and actual tax increment financing  
 41 revenues and all estimated and actual expenditures of  
 42 the revenues, proceeds from debt and all estimated  
 43 and actual expenditures of the debt proceeds, and  
 44 identification of any entity receiving a direct payment  
 45 of taxes funded by tax increment financing revenues  
 46 and shall include the total amount of loans, advances,  
 47 indebtedness, or bonds outstanding at the close of  
 48 the most recently ended fiscal year, which qualify  
 49 for payment from the special fund created in section  
 50 403.19, including interest negotiated on such loans,



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 advances, indebtedness, or bonds. The amount of loans,  
 2 advances, indebtedness, or bonds shall be listed in the  
 3 aggregate for each city reporting. ~~The city finance~~  
 4 ~~committee, in consultation with the department of~~  
 5 ~~management and the legislative services agency, shall~~  
 6 ~~determine reporting criteria and shall prepare a form~~  
 7 ~~for reports filed with the department pursuant to this~~  
 8 ~~section. The department shall make the information~~  
 9 ~~available by electronic means.~~

10 Sec. 40. Section 384.19, Code 2011, is amended by  
 11 adding the following new unnumbered paragraph:

12 **NEW UNNUMBERED PARAGRAPH.** For purposes of a tax  
 13 protest filed under this section, "item" means a  
 14 budgeted expenditure, appropriation, or cash reserve  
 15 from a fund for a service area, program, program  
 16 element, or purpose.

17 Sec. 41. Section 386.8, Code 2011, is amended to  
 18 read as follows:

19 **386.8 Operation tax.**

20 A city may establish a self-supported improvement  
 21 district operation fund, and may certify taxes not  
 22 to exceed the rate limitation as established in the  
 23 ordinance creating the district, or any amendment  
 24 thereto, each year to be levied for the fund against  
 25 all of the property in the district, for the purpose  
 26 of paying the administrative expenses of the district,  
 27 which may include but are not limited to administrative  
 28 personnel salaries, a separate administrative office,  
 29 planning costs including consultation fees, engineering  
 30 fees, architectural fees, and legal fees and all other  
 31 expenses reasonably associated with the administration  
 32 of the district and the fulfilling of the purposes of  
 33 the district. The taxes levied for this fund may also  
 34 be used for the purpose of paying maintenance expenses  
 35 of improvements or self-liquidating improvements for a  
 36 specified length of time with one or more options to  
 37 renew if such is clearly stated in the petition which  
 38 requests the council to authorize construction of the  
 39 improvement or self-liquidating improvement, whether  
 40 or not such petition is combined with the petition  
 41 requesting creation of a district. Parcels of property  
 42 which are assessed as residential property for property  
 43 tax purposes are exempt from the tax levied under this  
 44 section except residential properties within a duly  
 45 designated historic district. A tax levied under  
 46 this section is not subject to the levy limitation in  
 47 section 384.1.

48 Sec. 42. Section 386.9, Code 2011, is amended to  
 49 read as follows:

50 **386.9 Capital improvement tax.**



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 A city may establish a capital improvement fund  
 2 for a district and may certify taxes, not to exceed  
 3 the rate established by the ordinance creating the  
 4 district, or any subsequent amendment thereto,  
 5 each year to be levied for the fund against all of  
 6 the property in the district, for the purpose of  
 7 accumulating moneys for the financing or payment  
 8 of a part or all of the costs of any improvement or  
 9 self-liquidating improvement. However, parcels of  
 10 property which are assessed as residential property  
 11 for property tax purposes are exempt from the tax  
 12 levied under this section except residential properties  
 13 within a duly designated historic district. A tax  
 14 levied under this section is not subject to the levy  
 15 limitations in section 384.1 or 384.7.

16 Sec. 43. REPEAL. Sections 331.425 and 331.426,  
 17 Code 2011, are repealed.

18 Sec. 44. APPLICABILITY. This division of this Act  
 19 applies to fiscal years beginning on or after July 1,  
 20 2013.

21 DIVISION V  
 22 BUSINESS PROPERTY TAX CREDIT

23 Sec. 45. Section 331.512, Code 2011, is amended by  
 24 adding the following new subsection:

25 NEW SUBSECTION. 13B. Carry out duties relating to  
 26 the business property tax credit as provided in chapter  
 27 426C.

28 Sec. 46. Section 331.559, Code 2011, is amended by  
 29 adding the following new subsection:

30 NEW SUBSECTION. 14A. Carry out duties relating to  
 31 the business property tax credit as provided in chapter  
 32 426C.

33 Sec. 47. NEW SECTION. 426C.1 **Definitions.**

34 For the purposes of this chapter, unless the context  
 35 otherwise requires:

36 1. "*Contiguous parcels*" means any of the following:

37 *a.* Parcels that share a common boundary.  
 38 *b.* Parcels within the same building or structure  
 39 regardless of whether the parcels share a common  
 40 boundary.

41 *c.* Permanent improvements to the land that are  
 42 situated on one or more parcels of land that are  
 43 assessed and taxed separately from the permanent  
 44 improvements if the parcels of land upon which the  
 45 permanent improvements are situated share a common  
 46 boundary.

47 2. "*Department*" means the department of revenue.

48 3. "*Fund*" means the business property tax credit  
 49 fund created in section 426C.2.

50 4. "*Parcel*" means as defined in section 445.1.



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 5. "Property unit" means contiguous parcels all of  
 2 which are located within the same county, with the same  
 3 property tax classification, each of which contains  
 4 permanent improvements, are owned by the same person,  
 5 and are operated by that person for a common use and  
 6 purpose.

7 **Sec. 48. NEW SECTION. 426C.2 Business property tax**  
 8 **credit fund — appropriation.**

9 1. A business property tax credit fund is created  
 10 in the state treasury under the authority of the  
 11 department. For the fiscal year beginning July 1,  
 12 2014, there is appropriated from the general fund of  
 13 the state to the department to be credited to the  
 14 fund, the sum of twenty-four million dollars to be  
 15 used for business property tax credits authorized in  
 16 this chapter. For the fiscal year beginning July 1,  
 17 2015, there is appropriated from the general fund of  
 18 the state to the department to be credited to the fund,  
 19 the sum of forty-eight million dollars. For the fiscal  
 20 year beginning July 1, 2016, there is appropriated from  
 21 the general fund of the state to the department to be  
 22 credited to the fund, the sum of seventy-two million  
 23 dollars. For the fiscal year beginning July 1, 2017,  
 24 there is appropriated from the general fund of the  
 25 state to the department to be credited to the fund,  
 26 the sum of ninety-six million dollars. For the fiscal  
 27 year beginning July 1, 2018, and each fiscal year  
 28 thereafter, there is appropriated from the general fund  
 29 of the state to the department to be credited to the  
 30 fund, the sum of one hundred twenty million dollars.

31 2. Notwithstanding section 12C.7, subsection 2,  
 32 interest or earnings on moneys deposited in the fund  
 33 shall be credited to the fund. Moneys in the fund are  
 34 not subject to the provisions of section 8.33 and shall  
 35 not be transferred, used, obligated, appropriated,  
 36 or otherwise encumbered except as provided in this  
 37 chapter.

38 **Sec. 49. NEW SECTION. 426C.3 Claims for credit.**

39 1. Each person who wishes to claim the credit  
 40 allowed under this chapter shall obtain the appropriate  
 41 forms from the assessor and file the claim with the  
 42 assessor. The director of revenue shall prescribe  
 43 suitable forms and instructions for such claims, and  
 44 make such forms and instructions available to the  
 45 assessors.

46 2. a. Claims for the business property tax credit  
 47 shall be filed not later than March 15 preceding the  
 48 fiscal year during which the taxes for which the credit  
 49 is claimed are due and payable.

50 b. A claim filed after the deadline for filing



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 claims shall be considered as a claim for the following  
 2 year.

3     3. Upon the filing of a claim and allowance of the  
 4 credit, the credit shall be allowed on the parcel or  
 5 property unit for successive years without further  
 6 filing as long as the parcel or property unit satisfies  
 7 the requirements for the credit. If the parcel or  
 8 property unit owner ceases to qualify for the credit  
 9 under this chapter, the owner shall provide written  
 10 notice to the assessor by the date for filing claims  
 11 specified in subsection 2 following the date on which  
 12 the parcel or property unit ceases to qualify for the  
 13 credit.

14     4. When all or a portion of a parcel or property  
 15 unit that is allowed a credit under this chapter is  
 16 sold, transferred, or ownership otherwise changes, the  
 17 buyer, transferee, or new owner who wishes to receive  
 18 the credit shall refile the claim for credit. In  
 19 addition, when a portion of a parcel or property unit  
 20 that is allowed a credit under this chapter is sold,  
 21 transferred, or ownership otherwise changes, the owner  
 22 of the portion of the parcel or property unit for which  
 23 ownership did not change shall refile the claim for  
 24 credit.

25     5. The assessor shall remit the claims for  
 26 credit to the county auditor with the assessor's  
 27 recommendation for allowance or disallowance. If  
 28 the assessor recommends disallowance of a claim,  
 29 the assessor shall submit the reasons for the  
 30 recommendation, in writing, to the county auditor. The  
 31 county auditor shall forward the claims to the board  
 32 of supervisors. The board shall allow or disallow the  
 33 claims.

34     6. For each claim and allowance of a credit for  
 35 a property unit, the county auditor shall calculate  
 36 the average of all consolidated levy rates applicable  
 37 to the several parcels within the property unit. All  
 38 claims for credit which have been allowed by the board  
 39 of supervisors, the actual value of the permanent  
 40 improvements to such parcels and property units  
 41 applicable to the fiscal year for which the credit is  
 42 claimed that are subject to assessment and taxation  
 43 prior to imposition of any applicable assessment  
 44 limitation, the consolidated levy rates for such  
 45 parcels and the average consolidated levy rates for  
 46 such property units applicable to the fiscal year for  
 47 which the credit is claimed, and the taxing districts  
 48 in which the parcel or property unit is located, shall  
 49 be certified on or before June 30, in each year, by the  
 50 county auditor to the department.

SF2344.6158 (3) 84

-30-

md/sc

30/39



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1     7. The assessor shall maintain a permanent file of  
2 current business property tax credits. The assessor  
3 shall file a notice of transfer of property for which a  
4 credit has been allowed when notice is received from  
5 the office of the county recorder, from the person  
6 who sold or transferred the property, or from the  
7 personal representative of a deceased property owner.  
8 The county recorder shall give notice to the assessor  
9 of each transfer of title filed in the recorder's  
10 office. The notice from the county recorder shall  
11 describe the property transferred, the name of the  
12 person transferring title to the property, and the name  
13 of the person to whom title to the property has been  
14 transferred.

15     Sec. 50. NEW SECTION.   **426C.4 Eligibility and**  
16 **amount of credit.**

17     1. Each parcel classified and taxed as commercial  
18 property, industrial property, or railway property  
19 under chapter 434, and improved with permanent  
20 construction, is eligible for a credit under this  
21 chapter. A person may claim and receive one credit  
22 under this chapter for each eligible parcel unless  
23 the parcel is part of a property unit. A person  
24 may only claim and receive one credit under this  
25 chapter for each property unit. A credit approved  
26 for a property unit shall be allocated to the several  
27 parcels within the property unit in the proportion  
28 that each parcel's total amount of property taxes due  
29 and payable attributable to the permanent improvements  
30 bears to the total amount of property taxes due and  
31 payable attributable to the permanent improvements for  
32 the property unit. Only property units comprised of  
33 commercial property, comprised of industrial property,  
34 or comprised of railway property under chapter 434 are  
35 eligible for a credit under this chapter.

36     2. Using the actual value of the permanent  
37 improvements and the consolidated levy rate for each  
38 parcel or the average consolidated levy rate for each  
39 property unit, as certified by the county auditor  
40 to the department under section 426C.3, subsection  
41 6, the department shall calculate, for each fiscal  
42 year, an initial amount of actual value of permanent  
43 improvements for use in determining the amount of the  
44 credit for each such parcel or property unit so as  
45 to provide the maximum possible credit according to  
46 the credit formula and limitations under subsection  
47 3, and to provide a total dollar amount of credits  
48 against the taxes due and payable in the fiscal year  
49 equal to ninety-eight percent of the moneys in the fund  
50 following the deposit of the appropriation for the



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 fiscal year.

2 3. a. The amount of the credit for each parcel or  
3 property unit for which a claim for credit under this  
4 chapter has been approved shall be calculated under  
5 paragraph "b" using the lesser of the initial amount of  
6 actual value of the permanent improvements determined  
7 by the department under subsection 2, and the actual  
8 value of the permanent improvements to the parcel or  
9 property unit as certified by the county auditor under  
10 section 426C.3, subsection 6.

11 b. The amount of the credit for each parcel or  
12 property unit for which a claim for credit under  
13 this chapter has been approved shall be equal to the  
14 amount of actual value determined under paragraph "a"  
15 multiplied by the difference, stated as a percentage,  
16 between the assessment limitation applicable to  
17 the parcel or property unit under section 441.21,  
18 subsection 5, and the assessment limitation applicable  
19 to residential property under section 441.21,  
20 subsection 4, divided by one thousand dollars, and then  
21 multiplied by the consolidated levy rate or average  
22 consolidated levy rate for one thousand dollars of  
23 taxable value applicable to the parcel or property unit  
24 for the fiscal year for which the credit is claimed as  
25 certified by the county auditor under section 426C.3,  
26 subsection 6.

27 Sec. 51. **NEW SECTION. 426C.5 Payment to counties.**

28 1. Annually the department shall certify to the  
29 county auditor of each county the amounts of the  
30 business property tax credits allowed in the county.  
31 Each county auditor shall then enter the credits  
32 against the tax levied on each eligible parcel or  
33 property unit in the county, designating on the tax  
34 lists the credit as being from the fund. Each taxing  
35 district shall receive its share of the business  
36 property tax credit allowed on each eligible parcel  
37 or property unit in such taxing district, in the  
38 proportion that the levy made by such taxing district  
39 upon the parcel or property unit bears to the total  
40 levy upon the parcel or property unit by all taxing  
41 districts imposing a property tax in such taxing  
42 district. However, the several taxing districts  
43 shall not draw the moneys so credited until after the  
44 semiannual allocations have been received by the county  
45 treasurer, as provided in this section. Each county  
46 treasurer shall show on each tax receipt the amount of  
47 credit received from the fund.

48 2. The director of the department of administrative  
49 services shall issue warrants on the fund payable to  
50 the county treasurers of the several counties of the

SF2344.6158 (3) 84

-32-

md/sc

32/39



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 state under this chapter.

2 3. The amount due each county shall be paid in two  
3 payments on November 15 and March 15 of each fiscal  
4 year, drawn upon warrants payable to the respective  
5 county treasurers. The two payments shall be as nearly  
6 equal as possible.

7 **Sec. 52. NEW SECTION. 426C.6 Appeals.**

8 1. If the board of supervisors disallows a claim  
9 for credit under section 426C.3, subsection 5, the  
10 board of supervisors shall send written notice, by  
11 mail, to the claimant at the claimant's last known  
12 address. The notice shall state the reasons for  
13 disallowing the claim for the credit. The board of  
14 supervisors is not required to send notice that a claim  
15 for credit is disallowed if the claimant voluntarily  
16 withdraws the claim. Any person whose claim is denied  
17 under the provisions of this chapter may appeal from  
18 the action of the board of supervisors to the district  
19 court of the county in which the parcel or property  
20 unit is located by giving written notice of such appeal  
21 to the county auditor within twenty days from the date  
22 of mailing of notice of such action by the board of  
23 supervisors.

24 2. If any claim for credit has been denied by the  
25 board of supervisors, and such action is subsequently  
26 reversed on appeal, the credit shall be allowed on the  
27 applicable parcel or property unit, and the director of  
28 revenue, the county auditor, and the county treasurer  
29 shall provide the credit and change their books and  
30 records accordingly. In the event the appealing  
31 taxpayer has paid one or both of the installments of  
32 the tax payable in the year or years in question,  
33 remittance shall be made to such taxpayer of the amount  
34 of such credit. The amount of such credit awarded on  
35 appeal shall be allocated and paid from the balance  
36 remaining in the fund.

37 **Sec. 53. NEW SECTION. 426C.7 Audit — denial.**

38 1. If on the audit of a credit provided under this  
39 chapter, the director of revenue determines the amount  
40 of the credit to have been incorrectly calculated or  
41 that the credit is not allowable, the director shall  
42 recalculate the credit and notify the taxpayer and the  
43 county auditor of the recalculation or denial and the  
44 reasons for it. The director shall not adjust a credit  
45 after three years from October 31 of the year in which  
46 the claim for the credit was filed. If the credit has  
47 been paid, the director shall give notification to the  
48 taxpayer, the county treasurer, and the applicable  
49 assessor of the recalculation or denial of the credit  
50 and the county treasurer shall proceed to collect the



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 tax owed in the same manner as other property taxes due  
 2 and payable are collected, if the parcel or property  
 3 unit for which the credit was allowed is still owned  
 4 by the taxpayer. If the parcel or property unit  
 5 for which the credit was allowed is not owned by the  
 6 taxpayer, the amount may be recovered from the taxpayer  
 7 by assessment in the same manner that income taxes are  
 8 assessed under sections 422.26 and 422.30. The amount  
 9 of such erroneous credit, when collected, shall be  
 10 deposited in the fund.

11 2. The taxpayer or board of supervisors may  
 12 appeal any decision of the director of revenue to the  
 13 state board of tax review pursuant to section 421.1,  
 14 subsection 5. The taxpayer, the board of supervisors,  
 15 or the director of revenue may seek judicial review  
 16 of the action of the state board of tax review in  
 17 accordance with chapter 17A.

18 **Sec. 54. NEW SECTION. 426C.8 False claim —**  
 19 **penalty.**

20 A person who makes a false claim for the purpose of  
 21 obtaining a credit provided for in this chapter or who  
 22 knowingly receives the credit without being legally  
 23 entitled to it is guilty of a fraudulent practice. The  
 24 claim for a credit of such a person shall be disallowed  
 25 and if the credit has been paid the amount shall be  
 26 recovered in the manner provided in section 426C.7. In  
 27 such cases, the director of revenue shall send a notice  
 28 of disallowance of the credit.

29 **Sec. 55. NEW SECTION. 426C.9 Rules.**

30 The director of revenue shall prescribe forms,  
 31 instructions, and rules pursuant to chapter 17A, as  
 32 necessary, to carry out the purposes of this chapter.

33 **Sec. 56. APPLICABILITY.** This division of this Act  
 34 applies to property taxes due and payable in fiscal  
 35 years beginning on or after July 1, 2014.

36 **DIVISION VI**

37 **MULTIRESIDENTIAL PROPERTY CLASSIFICATION**

38 **Sec. 57.** Section 404.2, subsection 2, paragraph f,  
 39 Code 2011, is amended to read as follows:

40 *f.* A statement specifying whether the  
 41 revitalization is applicable to none, some, or all of  
 42 the property assessed as residential, multiresidential,  
 43 agricultural, commercial, or industrial property  
 44 within the designated area or a combination thereof and  
 45 whether the revitalization is for rehabilitation and  
 46 additions to existing buildings or new construction or  
 47 both. If revitalization is made applicable only to  
 48 some property within an assessment classification, the  
 49 definition of that subset of eligible property must  
 50 be by uniform criteria which further some planning



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 objective identified in the plan. The city shall state  
 2 how long it is estimated that the area shall remain  
 3 a designated revitalization area which time shall  
 4 be longer than one year from the date of designation  
 5 and shall state any plan by the city to issue revenue  
 6 bonds for revitalization projects within the area. For  
 7 a county, a revitalization area shall include only  
 8 property which will be used as industrial property,  
 9 commercial property, ~~commercial property consisting of~~  
 10 ~~three or more separate living quarters with at least~~  
 11 ~~seventy-five percent of the space used for residential~~  
 12 ~~purposes, multiresidential property, or residential~~  
 13 ~~property. However, a county shall not provide a tax~~  
 14 ~~exemption under this chapter to commercial property,~~  
 15 ~~commercial property consisting of three or more~~  
 16 ~~separate living quarters with at least seventy-five~~  
 17 ~~percent of the space used for residential purposes,~~  
 18 ~~multiresidential property, or residential property~~  
 19 ~~which is located within the limits of a city.~~

20 Sec. 58. Section 404.3, subsection 4, Code 2011, is  
 21 amended to read as follows:

22 4. All qualified real estate assessed as  
 23 residential property ~~or assessed as commercial~~  
 24 ~~property, if the commercial property consists of~~  
 25 ~~three or more separate living quarters with at least~~  
 26 ~~seventy-five percent of the space used for residential~~  
 27 ~~purposes, or assessed as multiresidential property is~~  
 28 eligible to receive a one hundred percent exemption  
 29 from taxation on the actual value added by the  
 30 improvements. The exemption is for a period of ten  
 31 years.

32 Sec. 59. Section 441.21, subsection 8, paragraph b,  
 33 Code Supplement 2011, is amended to read as follows:

34 b. Notwithstanding paragraph "a", any construction  
 35 or installation of a solar energy system on property  
 36 classified as agricultural, residential, commercial,  
 37 multiresidential, or industrial property shall not  
 38 increase the actual, assessed, and taxable values of  
 39 the property for five full assessment years.

40 Sec. 60. Section 441.21, subsections 9 and 10, Code  
 41 Supplement 2011, are amended to read as follows:

42 9. Not later than November 1, 1979, and November  
 43 1 of each subsequent year, the director shall  
 44 certify to the county auditor of each county the  
 45 percentages of actual value at which residential  
 46 property, agricultural property, commercial property,  
 47 industrial property, multiresidential property, and  
 48 property valued by the department of revenue pursuant  
 49 to chapters 428, 433, 434, 437, and 438 in each  
 50 assessing jurisdiction in the county shall be assessed



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 for taxation. The county auditor shall proceed  
 2 to determine the assessed values of agricultural  
 3 property, residential property, commercial property,  
 4 industrial property, multiresidential property, and  
 5 property valued by the department of revenue pursuant  
 6 to chapters 428, 433, 434, 437, and 438 by applying  
 7 such percentages to the current actual value of such  
 8 property, as reported to the county auditor by the  
 9 assessor, and the assessed values so determined shall  
 10 be the taxable values of such properties upon which the  
 11 levy shall be made.

12 10. The percentage of actual value computed by  
 13 the director for agricultural property, residential  
 14 property, commercial property, industrial property,  
 15 multiresidential property, and property valued by the  
 16 department of revenue pursuant to chapters 428, 433,  
 17 434, 437, and 438 and used to determine assessed values  
 18 of those classes of property does not constitute a rule  
 19 as defined in section 17A.2, subsection 11.

20 Sec. 61. Section 441.21, Code Supplement 2011, is  
 21 amended by adding the following new subsection:

22 **NEW SUBSECTION.** 13. *a.* Beginning with valuations  
 23 established on or after January 1, 2013, mobile home  
 24 parks, manufactured home communities, land-leased  
 25 communities, assisted living facilities, and that  
 26 portion of a building that is used for human habitation  
 27 and a proportionate share of the land upon which  
 28 the building is situated, even if the use for human  
 29 habitation is not the primary use of the building, and  
 30 regardless of the number of dwelling units located  
 31 in the building, and not otherwise classified as  
 32 residential property, shall be valued as a separate  
 33 class of property known as multiresidential property  
 34 and, excluding properties referred to in section  
 35 427A.1, subsection 8, shall be assessed at a percentage  
 36 of its actual value, as determined in this subsection.  
 37 For valuations established for the assessment year  
 38 beginning January 1, 2013, the percentage of actual  
 39 value as equalized by the director of revenue as  
 40 provided in section 441.49 at which multiresidential  
 41 property shall be assessed shall be ninety percent.  
 42 For valuations established for the assessment year  
 43 beginning January 1, 2014, the percentage of actual  
 44 value as equalized by the director of revenue as  
 45 provided in section 441.49 at which multiresidential  
 46 property shall be assessed shall be eighty percent.  
 47 For valuations established for the assessment year  
 48 beginning January 1, 2015, the percentage of actual  
 49 value as equalized by the director of revenue as  
 50 provided in section 441.49 at which multiresidential



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

1 property shall be assessed shall be seventy percent.  
 2 For valuations established for the assessment year  
 3 beginning January 1, 2016, the percentage of actual  
 4 value as equalized by the director of revenue as  
 5 provided in section 441.49 at which multiresidential  
 6 property shall be assessed shall be sixty percent.  
 7 For valuations established for the assessment year  
 8 beginning January 1, 2017, and each assessment year  
 9 thereafter, the percentage of actual value as equalized  
 10 by the director of revenue as provided in section  
 11 441.49 at which multiresidential property shall be  
 12 assessed shall be equal to the percentage of actual  
 13 value at which property assessed as residential  
 14 property is assessed under subsection 4 for the same  
 15 assessment year.

16 *b.* Accordingly, the assessor may assign more than  
 17 one classification to a parcel of property that, in  
 18 part, satisfies the requirements of this subsection.  
 19 In no case, however, shall a hotel, motel, inn, or  
 20 other building where rooms or dwelling units are  
 21 usually rented for less than one month be classified as  
 22 multiresidential property under this subsection.

23 *c.* As used in this subsection:

24 (1) "*Assisted living facility*" means property for  
 25 providing assisted living as defined in section 231C.2.

26 (2) "*Dwelling unit*" means an apartment, group of  
 27 rooms, or single room which is occupied as separate  
 28 living quarters or, if vacant, is intended for  
 29 occupancy as separate living quarters, in which a  
 30 tenant can live and sleep separately from any other  
 31 persons in the building.

32 (3) "*Land-leased community*" means the same as  
 33 defined in sections 335.30A and 414.28A.

34 (4) "*Manufactured home community*" means the same as  
 35 a land-leased community.

36 (5) "*Mobile home park*" means the same as defined in  
 37 section 435.1.

38 Sec. 62. Section 558.46, subsection 5, Code 2011,  
 39 is amended to read as follows:

40 5. For the purposes of this section, "*residential*  
 41 *property*" includes ~~commercial~~ multiresidential property  
 42 as defined in section 441.21, subsection 13, consisting  
 43 of three or more separate living quarters with at least  
 44 seventy-five percent of the space used for residential  
 45 purposes.

46 Sec. 63. APPLICABILITY. This division of this  
 47 Act applies to assessment years beginning on or after  
 48 January 1, 2013.>

49 2. Title page, by striking lines 1 through 10  
 50 and inserting <An Act relating to taxation and local



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

1 government budgets by providing for an increase in the  
2 amount of the earned income tax credit, establishing  
3 and modifying property assessment limitations,  
4 providing for certain property tax replacement  
5 payments, modifying the assessment and taxation of  
6 telecommunications company property, establishing  
7 budget limitations for counties and cities, modifying  
8 certain reporting requirements, establishing a property  
9 tax credit for certain commercial, industrial, and  
10 railway property, establishing a multiresidential  
11 property classification, providing penalties,  
12 making appropriations, and including effective date,  
13 retroactive applicability, and other applicability  
14 provisions.>

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RANDY FEENSTRA

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JAMES F. HAHN

---

STEVE KETTERING

---

JONI ERNST

---

BILL ANDERSON

---

RICK BERTRAND

---

KENT SORENSON

---

DAVID JOHNSON

---

HUBERT HOUSER



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

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JAMES A. SEYMOUR

---

BILL DIX

---

TIM KAPUCIAN

---

NANCY J. BOETTGER

---

SHAWN HAMERLINCK

---

JACK WHITVER

---

ROBY SMITH

---

MERLIN BARTZ

---

SANDRA H. GREINER

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PAT WARD

---

BRAD ZAUN



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

Senate File 2344 - Introduced

SENATE FILE 2344  
BY COMMITTEE ON WAYS AND MEANS  
  
(SUCCESSOR TO SSB 3205)

A BILL FOR

1 An Act relating to state and local taxation by providing for  
2 an increase in the amount of the earned income tax credit,  
3 establishing and modifying property assessment limitations,  
4 modifying the assessment and taxation of telecommunications  
5 company property, establishing property tax credits for  
6 certain commercial, industrial, and railway property,  
7 establishing a multiresidential property classification,  
8 providing penalties, making appropriations, and including  
9 effective date, retroactive applicability, and other  
10 applicability provisions.  
11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

TLSB 6143SV (2) 84  
md/sc





Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 those resulting from the revaluation of existing properties,  
2 as reported by the assessors on the abstracts of assessment  
3 for 1978, is less than six percent, the 1979 dividend for the  
4 other class of property shall be the dividend as determined for  
5 that class of property for valuations established as of January  
6 1, 1978, adjusted by the product obtained by multiplying  
7 the percentage determined for that year by the amount of  
8 any additions or deletions to actual value, excluding those  
9 resulting from the revaluation of existing properties, as  
10 reported by the assessors on the abstracts of assessment for  
11 1978, plus a percentage of the amount so determined which is  
12 equal to the percentage by which the dividend as determined  
13 for the other class of property for valuations established  
14 as of January 1, 1978, adjusted by the product obtained by  
15 multiplying the percentage determined for that year by the  
16 amount of any additions or deletions to actual value, excluding  
17 those resulting from the revaluation of existing properties,  
18 as reported by the assessors on the abstracts of assessment  
19 for 1978, is increased in arriving at the 1979 dividend for  
20 the other class of property. The divisor for each class  
21 of property shall be the total actual value of all such  
22 property in the state in the preceding year, as reported by  
23 the assessors on the abstracts of assessment submitted for  
24 1978, plus the amount of value added to said total actual  
25 value by the revaluation of existing properties in 1979 as  
26 equalized by the director of revenue pursuant to section  
27 441.49. The director shall utilize information reported on  
28 abstracts of assessment submitted pursuant to section 441.45  
29 in determining such percentage. For valuations established  
30 as of January 1, 1980, and each assessment year thereafter  
31 beginning before January 1, 2013, the percentage of actual  
32 value as equalized by the director of revenue as provided  
33 in section 441.49 at which agricultural and residential  
34 property shall be assessed shall be calculated in accordance  
35 with the methods provided herein including the limitation of





**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1 provisions of section 441.21, for assessment years beginning  
 2 before January 1, 2013, and for duties, powers, protests,  
 3 appeals, proceedings, actions, or remedies attributable to an  
 4 assessment year beginning before January 1, 2013.

5 Sec. 5. APPLICABILITY. This division of this Act applies to  
 6 assessment years beginning on or after January 1, 2013.

7 DIVISION III

8 TELECOMMUNICATIONS PROPERTY TAX

9 Sec. 6. Section 433.4, Code 2011, is amended to read as  
 10 follows:

11 **433.4 Assessment.**

12 1. The director of revenue shall on or before October 31  
 13 each year, proceed to find the actual value of the property  
 14 of these companies in this state used by the companies in the  
 15 transaction of telegraph and telephone business, taking into  
 16 consideration the information obtained from the statements  
 17 required, and any further information the director can obtain,  
 18 using the same as a means for determining the actual cash value  
 19 of the property of these companies within this state. ~~The~~  
 20 ~~director shall also take into consideration the valuation of~~  
 21 ~~all property of these companies, including franchises and the~~  
 22 ~~use of the property in connection with lines outside the state,~~  
 23 ~~and making these deductions as may be necessary on account of~~  
 24 ~~extra value of property outside the state as compared with~~  
 25 ~~the value of property in the state, in order that the actual~~  
 26 ~~cash value of the property of the company within this state~~  
 27 ~~may be ascertained. The assessment shall include all property~~  
 28 ~~of every kind and character whatsoever, real, personal, or~~  
 29 ~~mixed, used by the companies in the transaction of telegraph~~  
 30 ~~and telephone business; and the~~ The property so included in  
 31 the assessment shall not be taxed in any other manner than as  
 32 provided in this chapter.

33 2. a. Except as provided in paragraph "c", for assessment  
 34 years beginning on or after January 1, 2013, a company's  
 35 property, excluding the property identified in paragraph "b"



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1 as exempt from taxation, shall be subject to assessment and  
 2 taxation under this chapter by the director of revenue in  
 3 the same manner as property assessed and taxed as commercial  
 4 property under chapters 427, 427A, 427B, 428, and 441.

5 b. All of the following is exempt from taxation and shall  
 6 not be assessed for taxation under this chapter:

7 (1) Central office equipment.

8 (2) Qualified telephone company property. However,  
 9 qualified telephone company property shall be valued and  
 10 included in the company's assessment for the assessment years,  
 11 and to the extent specified, in paragraph "c".

12 c. For assessment years beginning on or after January 1,  
 13 2013, the director of revenue shall include as part of the  
 14 actual value determined under paragraph "a" for the applicable  
 15 assessment year, the following:

16 (1) For the assessment year beginning January 1, 2013, an  
 17 amount equal to the actual value of the company's qualified  
 18 telephone company property that exceeds four million dollars.

19 (2) For the assessment year beginning January 1, 2014, an  
 20 amount equal to the actual value of the company's qualified  
 21 telephone company property that exceeds eight million dollars.

22 (3) For the assessment year beginning January 1, 2015, an  
 23 amount equal to the actual value of the company's qualified  
 24 telephone company property that exceeds twelve million dollars.

25 (4) For the assessment year beginning January 1, 2016, an  
 26 amount equal to the actual value of the company's qualified  
 27 telephone company property that exceeds sixteen million  
 28 dollars.

29 (5) For the assessment year beginning January 1, 2017, and  
 30 each assessment year thereafter, an amount equal to the actual  
 31 value of the company's qualified telephone company property  
 32 that exceeds twenty million dollars.

33 Sec. 7. Section 433.12, Code 2011, is amended by adding the  
 34 following new subsections:

35 NEW SUBSECTION. 1A. As used in this chapter, "central



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1 *office equipment* means motor vehicles, aircraft, tools and  
 2 other work equipment, furniture, office equipment, general  
 3 purpose computers, central office switching equipment,  
 4 nondigital switching equipment, digital electronic switching  
 5 equipment, operator systems, central office transmission  
 6 equipment, radio systems, circuit equipment, information  
 7 origination/termination equipment, station apparatus, customer  
 8 premises wiring, large private branch exchanges, public  
 9 telephone terminal equipment, and other terminal equipment,  
 10 within the meaning of the telecommunications companies account  
 11 provisions of 47 C.F.R. pt. 32, in effect on the effective date  
 12 of this division of this Act.

13 NEW SUBSECTION. 3. As used in this chapter, "*qualified*  
 14 *telephone company property*" means poles, aerial cable,  
 15 underground cable, buried cable, submarine and deep sea cable,  
 16 intrabuilding network cable, aerial wire, and conduit systems  
 17 within the meaning of the telecommunications companies account  
 18 provisions of 47 C.F.R. pt. 32, in effect on the effective date  
 19 of this division of this Act.

20 Sec. 8. Section 441.21, subsection 5, Code Supplement 2011,  
 21 is amended to read as follows:

22 5. For valuations established as of January 1, 1979,  
 23 commercial property and industrial property, excluding  
 24 properties referred to in section 427A.1, subsection 8, shall  
 25 be assessed as a percentage of the actual value of each class  
 26 of property. The percentage shall be determined for each  
 27 class of property by the director of revenue for the state in  
 28 accordance with the provisions of this section. For valuations  
 29 established as of January 1, 1979, the percentage shall be  
 30 the quotient of the dividend and divisor as defined in this  
 31 section. The dividend for each class of property shall be the  
 32 total actual valuation for each class of property established  
 33 for 1978, plus six percent of the amount so determined. The  
 34 divisor for each class of property shall be the valuation  
 35 for each class of property established for 1978, as reported

LSB 6143SV (2) 84  
 md/sc



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 by the assessors on the abstracts of assessment for 1978,  
2 plus the amount of value added to the total actual value by  
3 the revaluation of existing properties in 1979 as equalized  
4 by the director of revenue pursuant to section 441.49. For  
5 valuations established as of January 1, 1979, property valued  
6 by the department of revenue pursuant to chapters 428, 433,  
7 437, and 438 shall be considered as one class of property and  
8 shall be assessed as a percentage of its actual value. The  
9 percentage shall be determined by the director of revenue in  
10 accordance with the provisions of this section. For valuations  
11 established as of January 1, 1979, the percentage shall be  
12 the quotient of the dividend and divisor as defined in this  
13 section. The dividend shall be the total actual valuation  
14 established for 1978 by the department of revenue, plus ten  
15 percent of the amount so determined. The divisor for property  
16 valued by the department of revenue pursuant to chapters 428,  
17 433, 437, and 438 shall be the valuation established for 1978,  
18 plus the amount of value added to the total actual value by  
19 the revaluation of the property by the department of revenue  
20 as of January 1, 1979. For valuations established as of  
21 January 1, 1980, commercial property and industrial property,  
22 excluding properties referred to in section 427A.1, subsection  
23 8, shall be assessed at a percentage of the actual value of  
24 each class of property. The percentage shall be determined  
25 for each class of property by the director of revenue for the  
26 state in accordance with the provisions of this section. For  
27 valuations established as of January 1, 1980, the percentage  
28 shall be the quotient of the dividend and divisor as defined in  
29 this section. The dividend for each class of property shall  
30 be the dividend as determined for each class of property for  
31 valuations established as of January 1, 1979, adjusted by the  
32 product obtained by multiplying the percentage determined  
33 for that year by the amount of any additions or deletions to  
34 actual value, excluding those resulting from the revaluation  
35 of existing properties, as reported by the assessors on the

LSB 6143SV (2) 84  
md/sc

-7-

7/44



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 abstracts of assessment for 1979, plus four percent of the  
2 amount so determined. The divisor for each class of property  
3 shall be the total actual value of all such property in 1979,  
4 as equalized by the director of revenue pursuant to section  
5 441.49, plus the amount of value added to the total actual  
6 value by the revaluation of existing properties in 1980. The  
7 director shall utilize information reported on the abstracts of  
8 assessment submitted pursuant to section 441.45 in determining  
9 such percentage. For valuations established as of January 1,  
10 1980, property valued by the department of revenue pursuant  
11 to chapters 428, 433, 437, and 438 shall be assessed at a  
12 percentage of its actual value. The percentage shall be  
13 determined by the director of revenue in accordance with the  
14 provisions of this section. For valuations established as of  
15 January 1, 1980, the percentage shall be the quotient of the  
16 dividend and divisor as defined in this section. The dividend  
17 shall be the total actual valuation established for 1979 by  
18 the department of revenue, plus eight percent of the amount so  
19 determined. The divisor for property valued by the department  
20 of revenue pursuant to chapters 428, 433, 437, and 438 shall be  
21 the valuation established for 1979, plus the amount of value  
22 added to the total actual value by the revaluation of the  
23 property by the department of revenue as of January 1, 1980.  
24 For valuations established as of January 1, 1981, and each  
25 year thereafter, the percentage of actual value as equalized  
26 by the director of revenue as provided in section 441.49 at  
27 which commercial property and industrial property, excluding  
28 properties referred to in section 427A.1, subsection 8, shall  
29 be assessed shall be calculated in accordance with the methods  
30 provided herein, except that any references to six percent  
31 in this subsection shall be four percent. For valuations  
32 established as of January 1, 1981, and each year thereafter,  
33 the percentage of actual value at which property valued by the  
34 department of revenue pursuant to chapters 428, 433, 437, and  
35 438 shall be assessed shall be calculated in accordance with





**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1     Sec. 11. SAVINGS PROVISION. This division of this Act,  
2 pursuant to section 4.13, does not affect the operation of,  
3 or prohibit the application of, prior provisions of chapter  
4 433, or rules adopted under chapter 17A to administer prior  
5 provisions of chapter 433, for assessment years beginning  
6 before January 1, 2013, and for duties, powers, protests,  
7 appeals, proceedings, actions, or remedies attributable to an  
8 assessment year beginning before January 1, 2013.

9     Sec. 12. IMPLEMENTATION. Section 25B.7 shall not apply to  
10 this division of this Act.

11    Sec. 13. EFFECTIVE DATE.

12    1. Except as provided in subsection 2, this division of this  
13 Act takes effect July 1, 2012.

14    2. The section of this division of this Act amending section  
15 476.1D takes effect July 1, 2016.

16    Sec. 14. APPLICABILITY.

17    1. Except as provided in subsection 2, this division of this  
18 Act applies to assessment years beginning on or after January  
19 1, 2013.

20    2. The section of this division of this Act amending section  
21 476.1D applies to assessment years beginning on or after  
22 January 1, 2017.

DIVISION IV

BUSINESS PROPERTY TAX CREDIT

25    Sec. 15. Section 331.512, Code 2011, is amended by adding  
26 the following new subsection:

27    NEW SUBSECTION. 13A. Carry out duties relating to the  
28 business property tax credit as provided in chapter 426C.

29    Sec. 16. Section 331.559, Code 2011, is amended by adding  
30 the following new subsection:

31    NEW SUBSECTION. 14A. Carry out duties relating to the  
32 business property tax credit as provided in chapter 426C.

33    Sec. 17. NEW SECTION. **426C.1 Definitions.**

34    For the purposes of this chapter, unless the context  
35 otherwise requires:



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

- 1     1.   *“Contiguous parcels”* means any of the following:
- 2     *a.*   Parcels that share a common boundary.
- 3     *b.*   Parcels within the same building or structure regardless
- 4     of whether the parcels share a common boundary.
- 5     *c.*   Permanent improvements to the land that are situated
- 6     on one or more parcels of land that are assessed and taxed
- 7     separately from the permanent improvements if the parcels of
- 8     land upon which the permanent improvements are situated share
- 9     a common boundary.
- 10    2.   *“Department”* means the department of revenue.
- 11    3.   *“Fund”* means the business property tax credit fund
- 12    created in section 426C.2.
- 13    4.   *“Parcel”* means as defined in section 445.1.
- 14    5.   *“Property unit”* means contiguous parcels all of which
- 15    are located within the same county, with the same property tax
- 16    classification, are owned by the same person, and are operated
- 17    by that person for a common use and purpose.
- 18    Sec. 18.   NEW SECTION.   **426C.2 Business property tax credit**
- 19    **fund — appropriation.**
- 20    1.   A business property tax credit fund is created in the
- 21    state treasury under the authority of the department. For the
- 22    fiscal year beginning July 1, 2013, there is appropriated from
- 23    the general fund of the state to the department to be credited
- 24    to the fund, the sum of twenty-five million dollars to be used
- 25    for business property tax credits authorized in this chapter.
- 26    For the fiscal year beginning July 1, 2014, and each fiscal
- 27    year thereafter, there is appropriated from the general fund
- 28    of the state to the department to be credited to the fund an
- 29    amount equal to the total amount appropriated by the general
- 30    assembly to the fund in the previous fiscal year. In addition,
- 31    the sum of twenty-five million dollars shall be added to the
- 32    appropriation in each fiscal year beginning on or after July
- 33    1, 2014, if the revenue estimating conference certifies during
- 34    its final meeting of the calendar year ending prior to the
- 35    beginning of the fiscal year that the total amount of general

LSB 6143SV (2) 84  
md/sc

11/44



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1 fund revenues collected during the fiscal year ending during  
 2 such calendar year was at least one hundred three percent of  
 3 the total amount of general fund revenues collected during the  
 4 previous fiscal year. However, the total appropriation to the  
 5 fund shall not exceed one hundred twenty-five million dollars  
 6 for any one fiscal year.

7 2. Notwithstanding section 12C.7, subsection 2, interest or  
 8 earnings on moneys deposited in the fund shall be credited to  
 9 the fund. Moneys in the fund are not subject to the provisions  
 10 of section 8.33 and shall not be transferred, used, obligated,  
 11 appropriated, or otherwise encumbered except as provided in  
 12 this chapter.

13 **Sec. 19. NEW SECTION. 426C.3 Claims for credit.**

14 1. Each person who wishes to claim the credit allowed  
 15 under this chapter shall obtain the appropriate forms from the  
 16 assessor and file the claim with the assessor. The director  
 17 of revenue shall prescribe suitable forms and instructions for  
 18 such claims, and make such forms and instructions available to  
 19 the assessors.

20 2. a. Claims for the business property tax credit shall be  
 21 filed not later than March 15 preceding the fiscal year during  
 22 which the taxes for which the credit is claimed are due and  
 23 payable.

24 b. A claim filed after the deadline for filing claims shall  
 25 be considered as a claim for the following year.

26 3. Upon the filing of a claim and allowance of the credit,  
 27 the credit shall be allowed on the parcel or property unit for  
 28 successive years without further filing as long as the parcel  
 29 or property unit satisfies the requirements for the credit. If  
 30 the parcel or property unit ceases to qualify for the credit  
 31 under this chapter, the owner shall provide written notice  
 32 to the assessor by the date for filing claims specified in  
 33 subsection 2 following the date on which the parcel or property  
 34 unit ceases to qualify for the credit.

35 4. When all or a portion of a parcel or property unit that

LSB 6143SV (2) 84

-12-

md/sc

12/44



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 is allowed a credit under this chapter is sold, transferred,  
2 or ownership otherwise changes, the buyer, transferee, or  
3 new owner who wishes to receive the credit shall refile the  
4 claim for credit. In addition, when a portion of a parcel or  
5 property unit that is allowed a credit under this chapter is  
6 sold, transferred, or ownership otherwise changes, the owner of  
7 the portion of the parcel or property unit for which ownership  
8 did not change shall refile the claim for credit.

9 5. The assessor shall remit the claims for credit to the  
10 county auditor with the assessor's recommendation for allowance  
11 or disallowance. If the assessor recommends disallowance  
12 of a claim, the assessor shall submit the reasons for the  
13 recommendation, in writing, to the county auditor. The county  
14 auditor shall forward the claims to the board of supervisors.  
15 The board shall allow or disallow the claims.

16 6. For each claim and allowance of a credit for a property  
17 unit, the county auditor shall calculate the average of all  
18 consolidated levy rates applicable to the several parcels  
19 within the property unit. All claims for credit which have  
20 been allowed by the board of supervisors, the actual value of  
21 such parcels and property units applicable to the fiscal year  
22 for which the credit is claimed that are subject to assessment  
23 and taxation prior to imposition of any applicable assessment  
24 limitation, the consolidated levy rates for such parcels and  
25 the average consolidated levy rates for such property units  
26 applicable to the fiscal year for which the credit is claimed,  
27 and the taxing districts in which the parcel or property unit  
28 is located, shall be certified on or before June 30, in each  
29 year, by the county auditor to the department.

30 7. The assessor shall maintain a permanent file of current  
31 business property tax credits. The assessor shall file a  
32 notice of transfer of property for which a credit has been  
33 allowed when notice is received from the office of the county  
34 recorder, from the person who sold or transferred the property,  
35 or from the personal representative of a deceased property



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1 owner. The county recorder shall give notice to the assessor  
 2 of each transfer of title filed in the recorder's office. The  
 3 notice from the county recorder shall describe the property  
 4 transferred, the name of the person transferring title to the  
 5 property, and the name of the person to whom title to the  
 6 property has been transferred.

7 Sec. 20. NEW SECTION. **426C.4 Eligibility and amount of**  
 8 **credit.**

9 1. Each parcel classified and taxed as commercial property,  
 10 industrial property, or railway property under chapter 434 is  
 11 eligible for a credit under this chapter. A person may claim  
 12 and receive one credit under this chapter for each eligible  
 13 parcel unless the parcel is part of a property unit. A person  
 14 may only claim and receive one credit under this chapter for  
 15 each property unit. A credit approved for a property unit  
 16 shall be allocated to the several parcels within the property  
 17 unit in the proportion that each parcel's total amount of  
 18 property taxes due and payable bears to the total amount of  
 19 property taxes due and payable on the property unit. Only  
 20 property units comprised of property assessed as commercial  
 21 property, industrial property, or railway property under  
 22 chapter 434 are eligible for a credit under this chapter.  
 23 However, property that is rented or leased to low-income  
 24 individuals and families as authorized by section 42 of the  
 25 Internal Revenue Code, as amended, and that is subject to  
 26 assessment procedures relating to section 42 property under  
 27 section 441.21, subsection 2, for the applicable assessment  
 28 year, shall not be eligible to receive a credit under this  
 29 chapter or be part of a property unit that receives a credit  
 30 under this chapter.

31 2. Using the actual value of each parcel or property unit  
 32 and the consolidated levy rate for each parcel or the average  
 33 consolidated levy rate for each property unit, as certified  
 34 by the county auditor to the department under section 426C.3,  
 35 subsection 6, the department shall calculate, for each fiscal

LSB 6143SV (2) 84  
 md/sc



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1 year, an initial amount of actual value for use in determining  
 2 the amount of the credit for each such parcel or property  
 3 unit so as to provide the maximum possible credit according  
 4 to the credit formula and limitations under subsection 3,  
 5 and to provide a total dollar amount of credits against the  
 6 taxes due and payable in the fiscal year equal to ninety-eight  
 7 percent of the moneys in the fund following the deposit of the  
 8 appropriation for the fiscal year.

9 3. a. The amount of the credit for each parcel or property  
 10 unit for which a claim for credit under this chapter has been  
 11 approved shall be calculated under paragraph "b" using the  
 12 lesser of the initial amount of actual value determined by the  
 13 department under subsection 2, and the actual value of the  
 14 parcel or property unit as certified by the county auditor  
 15 under section 426C.3, subsection 6.

16 b. The amount of the credit for each parcel or property  
 17 unit for which a claim for credit under this chapter has  
 18 been approved shall be equal to the amount of actual value  
 19 determined under paragraph "a" multiplied by the difference  
 20 between the assessment limitation percentage applicable to the  
 21 parcel or property unit under section 441.21, subsection 5, and  
 22 the assessment limitation percentage applicable to residential  
 23 property under section 441.21, subsection 4, divided by one  
 24 thousand dollars, and then multiplied by the consolidated levy  
 25 rate or average consolidated levy rate for one thousand dollars  
 26 of taxable value applicable to the parcel or property unit for  
 27 the fiscal year for which the credit is claimed as certified by  
 28 the county auditor under section 426C.3, subsection 6.

29 **Sec. 21. NEW SECTION. 426C.5 Payment to counties.**

30 1. Annually the department shall certify to the county  
 31 auditor of each county the amounts of the business property  
 32 tax credits allowed in the county. Each county auditor shall  
 33 then enter the credits against the tax levied on each eligible  
 34 parcel or property unit in the county, designating on the tax  
 35 lists the credit as being from the fund. Each taxing district

LSB 6143SV (2) 84  
 md/sc



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 shall receive its share of the business property tax credit  
2 allowed on each eligible parcel or property unit in such taxing  
3 district, in the proportion that the levy made by such taxing  
4 district upon the parcel or property unit bears to the total  
5 levy upon the parcel or property unit by all taxing districts  
6 imposing a property tax in such taxing district. However, the  
7 several taxing districts shall not draw the moneys so credited  
8 until after the semiannual allocations have been received by  
9 the county treasurer, as provided in this section. Each county  
10 treasurer shall show on each tax receipt the amount of credit  
11 received from the fund.

12 2. The director of the department of administrative  
13 services shall issue warrants on the fund payable to the county  
14 treasurers of the several counties of the state under this  
15 chapter.

16 3. The amount due each county shall be paid in two payments  
17 on November 15 and March 15 of each fiscal year, drawn upon  
18 warrants payable to the respective county treasurers. The two  
19 payments shall be as nearly equal as possible.

20 Sec. 22. NEW SECTION. **426C.6 Appeals.**

21 1. If the board of supervisors disallows a claim for credit  
22 under section 426C.3, subsection 5, the board of supervisors  
23 shall send written notice, by mail, to the claimant at the  
24 claimant's last known address. The notice shall state the  
25 reasons for disallowing the claim for the credit. The board  
26 of supervisors is not required to send notice that a claim for  
27 credit is disallowed if the claimant voluntarily withdraws the  
28 claim. Any person whose claim is denied under the provisions  
29 of this chapter may appeal from the action of the board of  
30 supervisors to the district court of the county in which the  
31 parcel or property unit is located by giving written notice  
32 of such appeal to the county auditor within twenty days from  
33 the date of mailing of notice of such action by the board of  
34 supervisors.

35 2. If any claim for credit has been denied by the board



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1 of supervisors, and such action is subsequently reversed on  
 2 appeal, the credit shall be allowed on the applicable parcel  
 3 or property unit, and the director of revenue, the county  
 4 auditor, and the county treasurer shall provide the credit and  
 5 change their books and records accordingly. In the event the  
 6 appealing taxpayer has paid one or both of the installments of  
 7 the tax payable in the year or years in question, remittance  
 8 shall be made to such taxpayer of the amount of such credit.  
 9 The amount of such credit awarded on appeal shall be allocated  
 10 and paid from the balance remaining in the fund.

11 **Sec. 23. NEW SECTION. 426C.7 Audit — denial.**

12 1. If on the audit of a credit provided under this chapter,  
 13 the director of revenue determines the amount of the credit  
 14 to have been incorrectly calculated or that the credit is  
 15 not allowable, the director shall recalculate the credit and  
 16 notify the taxpayer and the county auditor of the recalculation  
 17 or denial and the reasons for it. The director shall not  
 18 adjust a credit after three years from October 31 of the year  
 19 in which the claim for the credit was filed. If the credit  
 20 has been paid, the director shall give notification to the  
 21 taxpayer, the county treasurer, and the applicable assessor  
 22 of the recalculation or denial of the credit and the county  
 23 treasurer shall proceed to collect the tax owed in the same  
 24 manner as other property taxes due and payable are collected,  
 25 if the parcel or property unit for which the credit was allowed  
 26 is still owned by the taxpayer. If the parcel or property unit  
 27 for which the credit was allowed is not owned by the taxpayer,  
 28 the amount may be recovered from the taxpayer by assessment in  
 29 the same manner that income taxes are assessed under sections  
 30 422.26 and 422.30. The amount of such erroneous credit, when  
 31 collected, shall be deposited in the fund.

32 2. The taxpayer or board of supervisors may appeal any  
 33 decision of the director of revenue to the state board of tax  
 34 review pursuant to section 421.1, subsection 5. The taxpayer,  
 35 the board of supervisors, or the director of revenue may seek

LSB 6143SV (2) 84  
 md/sc



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1 judicial review of the action of the state board of tax review  
 2 in accordance with chapter 17A.

3 Sec. 24. NEW SECTION. **426C.8 False claim — penalty.**

4 A person who makes a false claim for the purpose of obtaining  
 5 a credit provided for in this chapter or who knowingly receives  
 6 the credit without being legally entitled to it is guilty of a  
 7 fraudulent practice. The claim for a credit of such a person  
 8 shall be disallowed and if the credit has been paid the amount  
 9 shall be recovered in the manner provided in section 426C.7.

10 In such cases, the director of revenue shall send a notice of  
 11 disallowance of the credit.

12 Sec. 25. NEW SECTION. **426C.9 Rules.**

13 The director of revenue shall prescribe forms, instructions,  
 14 and rules pursuant to chapter 17A, as necessary, to carry out  
 15 the purposes of this chapter.

16 Sec. 26. IMPLEMENTATION. Notwithstanding the deadline  
 17 for filing claims established in section 426C.3, for a credit  
 18 against property taxes due and payable during the fiscal year  
 19 beginning July 1, 2013, the claim for the credit shall be filed  
 20 not later than January 15, 2013.

21 Sec. 27. APPLICABILITY. This division of this Act applies  
 22 to property taxes due and payable in fiscal years beginning on  
 23 or after July 1, 2013.

DIVISION V

ENTERPRISE PROPERTY TAX CREDIT

26 Sec. 28. Section 331.512, Code 2011, is amended by adding  
 27 the following new subsection:

28 NEW SUBSECTION. 13B. Carry out duties relating to the  
 29 enterprise property tax credit as provided in chapter 426D.

30 Sec. 29. Section 331.559, Code 2011, is amended by adding  
 31 the following new subsection:

32 NEW SUBSECTION. 14B. Carry out duties relating to the  
 33 enterprise property tax credit as provided in chapter 426D.

34 Sec. 30. NEW SECTION. **426D.1 Definitions.**

35 For the purposes of this chapter, unless the context





**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1     Sec. 32. NEW SECTION.   **426D.3 Claims for credit.**

2     1. Each person who wishes to claim the credit allowed

3 under this chapter shall obtain the appropriate forms from the

4 assessor and file the claim with the assessor. The director

5 of revenue shall prescribe suitable forms and instructions for

6 such claims, and make such forms and instructions available to

7 the assessors.

8     2. *a.* Claims for the enterprise property tax credit shall

9 be filed not later than March 15 preceding the fiscal year

10 during which the taxes for which the credit is claimed are due

11 and payable.

12    *b.* A claim filed after the deadline for filing claims shall

13 be considered as a claim for the following year.

14     3. Upon the filing of a claim and allowance of the credit,

15 the credit shall be allowed on the parcel for successive years

16 without further filing as long as the parcel satisfies the

17 requirements for the credit. If the parcel ceases to qualify

18 for the credit under this chapter, the owner shall provide

19 written notice to the assessor by the date for filing claims

20 specified in subsection 2 following the date on which the

21 parcel ceases to qualify for the credit.

22     4. When all or a portion of a parcel that is allowed a

23 credit under this chapter is sold, transferred, or ownership

24 otherwise changes, the buyer, transferee, or new owner who

25 wishes to receive the credit shall refile the claim for credit.

26 In addition, when a portion of a parcel that is allowed a

27 credit under this chapter is sold, transferred, or ownership

28 otherwise changes, the owner of the portion of the parcel for

29 which ownership did not change shall refile the claim for

30 credit.

31     5. The assessor shall remit the claims for credit to the

32 county auditor with the assessor's recommendation for allowance

33 or disallowance. If the assessor recommends disallowance

34 of a claim, the assessor shall submit the reasons for the

35 recommendation, in writing, to the county auditor. The county

LSB 6143SV (2) 84  
md/sc

20/44





**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1     2. *a.* The department shall calculate, for each fiscal  
 2 year, an enterprise property tax credit percentage for use in  
 3 determining the amount of the credit for each such parcel under  
 4 subsection 3.

5     *b.* (1) The department shall calculate for each eligible  
 6 parcel the product of the assessed value of the parcel  
 7 multiplied by the consolidated levy rate for one thousand  
 8 dollars of taxable value as certified under section 426D.3,  
 9 subsection 6, and then divide that product by one thousand  
 10 dollars. For each eligible parcel that, in addition to the  
 11 credit under this chapter, receives a business property tax  
 12 credit under chapter 426C or is part of a property unit that  
 13 receives a business property tax credit under chapter 426C,  
 14 the assessed value used in this subparagraph (1) and used in  
 15 calculating the amount of the credit under subsection 3 shall  
 16 be adjusted as follows:

17     (a) For a parcel that is not part of a property unit  
 18 receiving a business property tax credit under chapter 426C  
 19 for the same fiscal year, the assessed value shall be reduced  
 20 by the amount of actual value specified under section 426C.4,  
 21 subsection 3, paragraph "a", for use in calculating the amount  
 22 of the parcel's business property tax credit.

23     (b) For a parcel that is part of a property unit receiving  
 24 a business property tax credit under chapter 426C for the  
 25 same fiscal year, the assessed value shall be reduced by  
 26 that portion of the amount of value used in calculating the  
 27 property unit's business property tax credit under section  
 28 426C.4, subsection 3, paragraph "b", in the same proportion  
 29 that the parcel's actual value bears to the actual value of the  
 30 property unit, as those values are certified in section 426C.3,  
 31 subsection 6.

32     (2) The department shall then calculate the sum of all such  
 33 amounts calculated under subparagraph (1) for all eligible  
 34 parcels.

35     *c.* The enterprise property tax credit percentage shall

LSB 6143SV (2) 84  
 md/sc





**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1 chapter.

2 3. The amount due each county shall be paid in two payments  
3 on November 15 and March 15 of each fiscal year, drawn upon  
4 warrants payable to the respective county treasurers. The two  
5 payments shall be as nearly equal as possible.

6 Sec. 35. NEW SECTION. **426D.6 Appeals.**

7 1. If the board of supervisors disallows a claim for credit  
8 under section 426D.3, subsection 5, the board of supervisors  
9 shall send written notice, by mail, to the claimant at the  
10 claimant's last known address. The notice shall state the  
11 reasons for disallowing the claim for the credit. The board  
12 of supervisors is not required to send notice that a claim for  
13 credit is disallowed if the claimant voluntarily withdraws the  
14 claim. Any person whose claim is denied under the provisions  
15 of this chapter may appeal from the action of the board of  
16 supervisors to the district court of the county in which the  
17 parcel is located by giving written notice of such appeal to  
18 the county auditor within twenty days from the date of mailing  
19 of notice of such action by the board of supervisors.

20 2. If any claim for credit has been denied by the board  
21 of supervisors, and such action is subsequently reversed on  
22 appeal, the credit shall be allowed on the applicable parcel,  
23 and the director of revenue, the county auditor, and the county  
24 treasurer shall provide the credit and change their books and  
25 records accordingly. In the event the appealing taxpayer has  
26 paid one or both of the installments of the tax payable in the  
27 year or years in question, remittance shall be made to such  
28 taxpayer of the amount of such credit. The amount of such  
29 credit awarded on appeal shall be allocated and paid from the  
30 balance remaining in the fund.

31 Sec. 36. NEW SECTION. **426D.7 Audit — denial.**

32 1. If on the audit of a credit provided under this chapter,  
33 the director of revenue determines the amount of the credit  
34 to have been incorrectly calculated or that the credit is not  
35 allowable, the director shall recalculate the credit and notify



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 the taxpayer and the county auditor of the recalculation or  
2 denial and the reasons for it. The director shall not adjust a  
3 credit after three years from October 31 of the year in which  
4 the claim for the credit was filed. If the credit has been  
5 paid, the director shall give notification to the taxpayer,  
6 the county treasurer, and the applicable assessor of the  
7 recalculation or denial of the credit and the county treasurer  
8 shall proceed to collect the tax owed in the same manner as  
9 other property taxes due and payable are collected, if the  
10 parcel for which the credit was allowed is still owned by the  
11 taxpayer. If the parcel for which the credit was allowed is  
12 not owned by the taxpayer, the amount may be recovered from the  
13 taxpayer by assessment in the same manner that income taxes are  
14 assessed under sections 422.26 and 422.30. The amount of such  
15 erroneous credit, when collected, shall be deposited in the  
16 fund.

17 2. The taxpayer or board of supervisors may appeal any  
18 decision of the director of revenue to the state board of tax  
19 review pursuant to section 421.1, subsection 5. The taxpayer,  
20 the board of supervisors, or the director of revenue may seek  
21 judicial review of the action of the state board of tax review  
22 in accordance with chapter 17A.

23 **Sec. 37. NEW SECTION. 426D.8 False claim — penalty.**

24 A person who makes a false claim for the purpose of obtaining  
25 a credit provided for in this chapter or who knowingly receives  
26 the credit without being legally entitled to it is guilty of a  
27 fraudulent practice. The claim for a credit of such a person  
28 shall be disallowed and if the credit has been paid the amount  
29 shall be recovered in the manner provided in section 426D.7.  
30 In such cases, the director of revenue shall send a notice of  
31 disallowance of the credit.

32 **Sec. 38. NEW SECTION. 426D.9 Rules.**

33 The director of revenue shall prescribe forms, instructions,  
34 and rules pursuant to chapter 17A, as necessary, to carry out  
35 the purposes of this chapter.

LSB 6143SV (2) 84

-25-

md/sc

25/44



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1     Sec. 39. IMPLEMENTATION. Notwithstanding the deadline  
 2 for filing claims established in section 426D.3, for a credit  
 3 against property taxes due and payable during the fiscal year  
 4 beginning July 1, 2013, the claim for the credit shall be filed  
 5 not later than January 15, 2013.

6     Sec. 40. APPLICABILITY. This division of this Act applies  
 7 to property taxes due and payable in fiscal years beginning on  
 8 or after July 1, 2013.

DIVISION VI

MULTIRESIDENTIAL PROPERTY CLASSIFICATION

11     Sec. 41. Section 404.2, subsection 2, paragraph f, Code  
 12 2011, is amended to read as follows:

13     *f.* A statement specifying whether the revitalization is  
 14 applicable to none, some, or all of the property assessed as  
 15 residential, multiresidential, agricultural, commercial, or  
 16 industrial property within the designated area or a combination  
 17 thereof and whether the revitalization is for rehabilitation  
 18 and additions to existing buildings or new construction or  
 19 both. If revitalization is made applicable only to some  
 20 property within an assessment classification, the definition of  
 21 that subset of eligible property must be by uniform criteria  
 22 which further some planning objective identified in the plan.  
 23 The city shall state how long it is estimated that the area  
 24 shall remain a designated revitalization area which time  
 25 shall be longer than one year from the date of designation  
 26 and shall state any plan by the city to issue revenue bonds  
 27 for revitalization projects within the area. For a county, a  
 28 revitalization area shall include only property which will be  
 29 used as industrial property, commercial property, commercial  
 30 property consisting of three or more separate living quarters  
 31 with at least seventy-five percent of the space used for  
 32 residential purposes, multiresidential property, or residential  
 33 property. However, a county shall not provide a tax exemption  
 34 under this chapter to commercial property, commercial property  
 35 consisting of three or more separate living quarters with at

LSB 6143SV (2) 84  
 md/sc



**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1 least seventy-five percent of the space used for residential  
 2 purposes, multiresidential property, or residential property  
 3 which is located within the limits of a city.

4 Sec. 42. Section 404.3, subsection 4, Code 2011, is amended  
 5 to read as follows:

6 4. All qualified real estate assessed as residential  
 7 property, assessed as multiresidential property, or assessed  
 8 as commercial property, if the commercial property consists  
 9 of three or more separate living quarters with at least  
 10 seventy-five percent of the space used for residential  
 11 purposes, is eligible to receive a one hundred percent  
 12 exemption from taxation on the actual value added by the  
 13 improvements. The exemption is for a period of ten years.

14 Sec. 43. Section 441.21, Code Supplement 2011, is amended by  
 15 adding the following new subsection:

16 NEW SUBSECTION. 4A. a. (1) Beginning with valuations  
 17 established on or after January 1, 2013, all of the following,  
 18 if not otherwise classified as residential property, shall  
 19 be, subject to the declaration filing requirements of  
 20 paragraph "b", valued as a separate class of property known as  
 21 multiresidential property and, excluding properties referred  
 22 to in section 427A.1, subsection 8, shall be assessed at  
 23 a percentage of its actual value, as determined in this  
 24 subsection:

25 (a) Parcels upon which property used for human habitation  
 26 and owned by a person other than the owner of the parcel is  
 27 placed, subject to a lease or other agreement with a duration  
 28 exceeding one month or more.

29 (b) Assisted living facilities.

30 (c) That portion of a building that is used for human  
 31 habitation and a proportionate share of the land upon which the  
 32 building is situated, if the land is part of the same parcel as  
 33 the building, even if the use for human habitation is not the  
 34 primary use of the building, and regardless of the number of  
 35 dwelling units located in the building.

LSB 6143SV (2) 84  
 md/sc

27/44



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 (2) For valuations established for the assessment year  
2 beginning January 1, 2013, the percentage of actual value as  
3 equalized by the director of revenue as provided in section  
4 441.49 at which multiresidential property shall be assessed  
5 shall be ninety-four percent. For valuations established for  
6 the assessment year beginning January 1, 2014, the percentage  
7 of actual value as equalized by the director of revenue  
8 as provided in section 441.49 at which multiresidential  
9 property shall be assessed shall be eighty-eight percent.  
10 For valuations established for the assessment year beginning  
11 January 1, 2015, the percentage of actual value as equalized by  
12 the director of revenue as provided in section 441.49 at which  
13 multiresidential property shall be assessed shall be eighty-two  
14 percent. For valuations established for the assessment year  
15 beginning January 1, 2016, the percentage of actual value as  
16 equalized by the director of revenue as provided in section  
17 441.49 at which multiresidential property shall be assessed  
18 shall be seventy-six percent. For valuations established for  
19 the assessment year beginning January 1, 2017, the percentage  
20 of actual value as equalized by the director of revenue as  
21 provided in section 441.49 at which multiresidential property  
22 shall be assessed shall be seventy percent. For valuations  
23 established for the assessment year beginning January 1, 2018,  
24 the percentage of actual value as equalized by the director of  
25 revenue as provided in section 441.49 at which multiresidential  
26 property shall be assessed shall be sixty-four percent. For  
27 valuations established for the assessment year beginning  
28 January 1, 2019, and each assessment year thereafter, the  
29 percentage of actual value as equalized by the director of  
30 revenue as provided in section 441.49 at which multiresidential  
31 property shall be assessed shall be equal to the percentage of  
32 actual value at which property assessed as residential property  
33 is assessed under subsection 4 for the same assessment year.  
34 *b.* For assessment years beginning on or after January  
35 1, 2013, but before January 1, 2019, the owner of property



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 described in paragraph "a", subparagraph (1), and not excluded  
2 under paragraph "c", may file a declaration with the assessor  
3 on or before January 15 of the assessment year, requesting  
4 that such property be classified as multiresidential property.  
5 If the property described in the declaration meets the  
6 requirements of paragraph "a", subparagraph (1), and is not  
7 excluded under paragraph "c", the assessor shall approve  
8 the request in the declaration and classify such property  
9 as multiresidential property. If an assessor rejects a  
10 declaration request, the property owner may protest such  
11 decision to the local board of review under section 441.37,  
12 subsection 1, paragraph "a", subparagraph (3). Once approved,  
13 a declaration request is irrevocable by the property owner and  
14 such property shall be classified as multiresidential property  
15 for subsequent assessment years so long as the property meets  
16 the requirements of this subsection. For assessment years  
17 beginning on or after January 1, 2013, but before January 1,  
18 2019, property described in paragraph "a", subparagraph (1),  
19 and not excluded under paragraph "c", shall not be classified  
20 and valued as multiresidential property unless a declaration  
21 filed by the owner has been approved by the assessor. For  
22 assessment years beginning on or after January 1, 2019,  
23 property described in paragraph "a", subparagraph (1), and not  
24 excluded under paragraph "c", shall be classified and valued by  
25 the assessor as multiresidential property regardless of whether  
26 a declaration was previously filed for the property under this  
27 paragraph.

28 *c.* In no case, however, shall a hotel, motel, inn, or other  
29 building where rooms or dwelling units are usually rented for  
30 less than one month be classified as multiresidential property  
31 under this subsection. In addition, property that is rented  
32 or leased to low-income individuals and families as authorized  
33 by section 42 of the Internal Revenue Code, as amended, and  
34 that is subject to assessment procedures relating to section 42  
35 property under section 441.21, subsection 2, for the applicable

LSB 6143SV (2) 84

-29-

md/sc

29/44





**Iowa General Assembly**  
**Daily Bills, Amendments and Study Bills**  
**May 08, 2012**

S.F. 2344

1 assessed values so determined shall be the taxable values of  
 2 such properties upon which the levy shall be made.

3 10. The percentage of actual value computed by the  
 4 director for agricultural property, residential property,  
 5 commercial property, industrial property, multiresidential  
 6 property, and property valued by the department of revenue  
 7 pursuant to chapters 428, 433, 434, 437, and 438 and used to  
 8 determine assessed values of those classes of property does not  
 9 constitute a rule as defined in section 17A.2, subsection 11.

10 Sec. 46. Section 558.46, subsection 5, Code 2011, is amended  
 11 to read as follows:

12 5. For the purposes of this section, *"residential property"*  
 13 includes commercial property and multiresidential property as  
 14 defined in section 441.21, consisting of three or more separate  
 15 living quarters with at least seventy-five percent of the space  
 16 used for residential purposes.

17 Sec. 47. APPLICABILITY. This division of this Act applies  
 18 to assessment years beginning on or after January 1, 2013.

19 EXPLANATION

20 This bill relates to state and local taxation by providing  
 21 for an increase in the amount of the earned income tax credit,  
 22 establishing and modifying property assessment limitations,  
 23 modifying the assessment and taxation of telecommunications  
 24 company property, establishing property tax credits for certain  
 25 commercial, industrial, and railway property, and establishing  
 26 a multiresidential property classification.

27 Division I of the bill increases the amount of the state  
 28 earned income tax credit. Currently, the credit is equal to  
 29 7 percent of the amount of a taxpayer's federal earned income  
 30 tax credit. The bill increases the amount of the credit to 15  
 31 percent.

32 Division I of the bill applies retroactively to January 1,  
 33 2012, for tax years beginning on or after that date.

34 Division II of the bill changes the property tax assessment  
 35 limitation percentage for residential property and agricultural

LSB 6143SV (2) 84  
 md/sc



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 property from 4 percent to 3 percent for assessment years  
2 beginning on or after January 1, 2013. The bill provides,  
3 however, that for valuations established for the assessment  
4 year beginning January 1, 2013, and each assessment year  
5 thereafter, if the percentage of actual value at which  
6 residential property shall be assessed, as calculated in  
7 accordance with the assessment limitation provisions, exceeds  
8 60 percent or is less than 50 percent, the director of revenue  
9 shall decrease the percentage to 60 percent or increase the  
10 percentage to 50 percent, as applicable.

11 Division II, pursuant to Code section 4.13, does not affect  
12 the application of prior provisions of Code section 441.21 to  
13 assessment years beginning before January 1, 2013.

14 Division II of the bill applies to assessment years  
15 beginning on or after January 1, 2013.

16 Division III of the bill relates to the manner in which the  
17 property of telecommunications companies is assessed and taxed.

18 The assessment provisions of current Code section  
19 433.4 provide that in ascertaining the actual value of  
20 telecommunications company property the director of revenue  
21 shall include all property of every kind and character  
22 whatsoever, real, personal, or mixed, used by the company in  
23 the transaction of telegraph and telephone business.

24 Division III of the bill strikes the provisions that  
25 included all kinds and character of property in the  
26 determination of actual value of a company's property.  
27 Instead, the bill provides that for assessment years beginning  
28 on or after January 1, 2013, a company's property, excluding  
29 central office equipment and qualified telephone company  
30 property, both as defined in the bill, shall be subject to  
31 assessment and taxation under Code chapter 433 by the director  
32 of revenue in the same manner as property assessed and taxed  
33 as commercial property. The bill provides, however, that for  
34 assessment years beginning on or after January 1, 2013, the  
35 director of revenue shall include as part of the actual value

LSB 6143SV (2) 84

-32-

md/sc

32/44



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 so determined for that assessment year a specified amount of  
2 actual value of the company's qualified telephone company  
3 property.

4 Division III of the bill also modifies the provision  
5 relating to the calculation of the assessment limitation  
6 for property valued by the department of revenue pursuant  
7 to Code chapters 428, 433, 437, and 438 by specifying that  
8 for assessment years beginning on or after January 1, 2013,  
9 such assessment limitation shall be calculated using property  
10 valuations for the applicable assessment years that include the  
11 total value of specified telecommunications company property  
12 exempted from taxation under new Code section 433.4(2)(b).

13 Division III of the bill strikes a provision in Code section  
14 476.1D that allowed certain specified long-distance telephone  
15 company property to be assessed for taxation as commercial  
16 property by the local assessor.

17 Division III establishes a study to be facilitated by  
18 the department of revenue, in consultation with applicable  
19 stakeholders, regarding property tax on telecommunications  
20 companies. The department of revenue will study the current  
21 system of assessing property and levying property tax  
22 for telecommunications companies. A report detailing any  
23 recommended changes will be filed with the chairperson and  
24 ranking members of the ways and means committees of the senate  
25 and the house of representatives and with the legislative  
26 services agency by January 11, 2013.

27 Division III of the bill provides that the provisions in  
28 Code section 25B.7, relating to the obligation of the state  
29 to reimburse local jurisdictions for property tax credits and  
30 exemptions, do not apply to the exemption in division III of  
31 the bill.

32 Except for the section of division III of the bill amending  
33 Code section 476.1D, division III of the bill takes effect  
34 July 1, 2012, and applies to assessment years beginning on or  
35 after January 1, 2013. The section of division III of the bill



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 amending Code section 476.1D takes effect July 1, 2016, and  
2 applies to assessment years beginning on or after January 1,  
3 2017.

4 Division III, pursuant to Code section 4.13, does not  
5 affect the application of Code chapter 433 to assessment years  
6 beginning before January 1, 2013.

7 Division IV of the bill creates a business property tax  
8 credit under new Code chapter 426C for property taxes due and  
9 payable in fiscal years beginning on or after July 1, 2013.

10 Division IV of the bill establishes a business property tax  
11 credit fund. For the fiscal year beginning July 1, 2013, the  
12 bill appropriates from the general fund of the state to the  
13 department of revenue for deposit in the fund, \$25 million.  
14 For the fiscal year beginning July 1, 2014, and each fiscal  
15 year thereafter, the bill appropriates from the general fund  
16 of the state to the department of revenue for deposit in the  
17 fund an amount equal to the total amount appropriated by the  
18 general assembly to the fund in the previous fiscal year. In  
19 addition, for fiscal years beginning on or after July 1, 2014,  
20 the bill appropriates an additional \$25 million to the fund  
21 if the revenue estimating conference certifies that the total  
22 amount of general fund revenues has grown by at least 3 percent  
23 as compared to the previous fiscal year. The bill provides,  
24 however, that the total appropriation to the fund shall not  
25 exceed \$125 million in any one fiscal year. Under the bill,  
26 interest or earnings on moneys deposited in the fund are  
27 credited to the fund, moneys in the fund are not subject to the  
28 provisions of Code section 8.33, and moneys in the fund shall  
29 not be transferred, used, obligated, appropriated, or otherwise  
30 encumbered except as provided in new Code chapter 426C.

31 Division IV of the bill provides that each person who  
32 wishes to claim a business property tax credit shall obtain  
33 the appropriate forms from the assessor and file the claim  
34 with the assessor. The director of revenue is required to  
35 prescribe suitable forms and instructions for such claims, and



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 make such forms and instructions available to the assessors.  
2 The assessor is required to remit the claims for credit to the  
3 county auditor with the assessor's recommendation for allowance  
4 or disallowance. If the assessor recommends disallowance  
5 of a claim, the assessor shall submit the reasons for the  
6 recommendation, in writing, to the county auditor. The county  
7 auditor then forwards the claims to the board of supervisors.  
8 The board is required to allow or disallow the claims. If  
9 the board of supervisors disallows a claim for a credit, the  
10 board of supervisors is required to send written notice, by  
11 mail, to the claimant and the notice must state the reasons for  
12 disallowing the claim for the credit. Any person whose claim  
13 for credit is denied may appeal from the action of the board of  
14 supervisors to the district court of the county in which the  
15 parcel or property unit is located.

16 Claims for the business property tax credit must be filed  
17 not later than March 15 preceding the fiscal year during which  
18 the property taxes for which the credit is claimed are due  
19 and payable. However, the deadline for filing claims against  
20 property taxes due and payable in the fiscal year beginning  
21 July 1, 2013, is January 15, 2013.

22 Upon the filing of a claim and allowance of a business  
23 property tax credit, the credit is allowed on the parcel or  
24 property unit for successive years without further filing as  
25 long as the parcel or property unit satisfies the requirements  
26 for the credit. The owner is required to provide written  
27 notice to the assessor when the parcel or property unit ceases  
28 to qualify for the credit. The bill requires the assessor to  
29 maintain a permanent file of current credits and also specifies  
30 certain requirements for parcel or property unit owners,  
31 assessors, and county recorders when all or a portion of such  
32 parcels or property units are sold, transferred, or ownership  
33 otherwise changes.

34 Under division IV of the bill, each parcel classified and  
35 taxed as commercial property, industrial property, or railway



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 property under Code chapter 434, is eligible for a business  
2 property tax credit. A person may claim and receive one  
3 credit for each eligible parcel unless the parcel is part of  
4 a property unit. The bill defines "property unit" to mean  
5 contiguous parcels located within the same county, with the  
6 same property tax classification, owned by the same person, and  
7 operated by that person for a common use and purpose. A person  
8 may only claim and receive one tax credit for each property  
9 unit. A credit approved for a property unit is allocated to  
10 the several parcels within the property unit in the proportion  
11 that each parcel's property tax liability bears to the total  
12 property tax liability for the property unit. Only those  
13 property units comprised of commercial property, industrial  
14 property, or railway property under Code chapter 434 are  
15 eligible for a credit.

16 Division IV provides that property that is rented or leased  
17 to low-income individuals and families as authorized by section  
18 42 of the Internal Revenue Code, and that is subject to section  
19 42 assessment procedures for the applicable assessment year is  
20 not eligible for a business property tax credit under new Code  
21 chapter 426C.

22 Division IV of the bill provides that all claims for credit  
23 which have been allowed, the actual value of the applicable  
24 parcels and property units that are subject to assessment and  
25 taxation, the consolidated levy rates or average consolidated  
26 levy rates for such parcels and property units applicable to  
27 the fiscal year for which the credit is claimed, and the taxing  
28 districts in which each parcel or property unit is located,  
29 shall be certified on or before June 30, in each year, by the  
30 county auditor to the department of revenue.

31 Division IV of the bill provides that using the actual value  
32 of and the consolidated levy rate or average consolidated levy  
33 rate for each parcel or property unit, as certified by the  
34 county auditor, the department is required to calculate, for  
35 each fiscal year, an initial amount of actual value for use in



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 determining the amount of the credit for each approved parcel  
2 or property unit so as to provide the maximum possible credit  
3 according to the credit formula and limitations in the bill,  
4 and to provide a total dollar amount of credits in the fiscal  
5 year equal to 98 percent of the moneys in the business property  
6 tax credit fund following the deposit of the appropriation for  
7 the fiscal year.

8 The credit for each parcel or property unit for which a  
9 claim for a business property tax credit has been approved is  
10 calculated using the lesser of the initial amount of actual  
11 value determined by the department for the fiscal year and the  
12 actual value of the parcel or property unit as certified to  
13 the department of revenue. The amount of the credit for each  
14 parcel or property unit is then calculated by multiplying the  
15 lesser amount of actual value, so determined, by the difference  
16 between the assessment limitation percentage applicable to  
17 the parcel or property unit under Code section 441.21(5)  
18 (commercial, industrial, and railway property tax rollback) and  
19 the assessment limitation percentage applicable to residential  
20 property under Code section 441.21(4) (residential property  
21 tax rollback), divided by \$1,000, and then multiplied by the  
22 consolidated levy rate or average consolidated levy rate for  
23 \$1,000 of taxable value applicable to the parcel or property  
24 unit for the fiscal year for which the credit is claimed.

25 Division IV of the bill specifies the procedures for the  
26 payment of the amount of the business property tax credits to  
27 the county treasurers and the resulting apportionment to the  
28 applicable taxing districts. The division also specifies the  
29 requirements and procedures for an appeal of a denial of a  
30 claim for credit, specifies the requirements and procedures  
31 for an audit of a business property tax credit allowed, and  
32 specifies requirements relating to the collection of property  
33 taxes due as the result of an incorrectly calculated or  
34 improperly approved credit.

35 Division IV of the bill provides that a person who makes a

LSB 6143SV (2) 84

-37-

md/sc

37/44



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 false claim for the purpose of obtaining a business property  
2 tax credit or who knowingly receives the credit without being  
3 legally entitled to it is guilty of a fraudulent practice and  
4 is subject to a criminal penalty.

5 Division IV of the bill requires the director of revenue  
6 to prescribe forms, instructions, and rules pursuant to Code  
7 chapter 17A, as necessary, to carry out the purposes of new  
8 Code chapter 426C.

9 Division IV of the bill applies to property taxes due and  
10 payable in fiscal years beginning on or after July 1, 2013.

11 Division V of the bill creates an enterprise property tax  
12 credit under new Code chapter 426D for property taxes due and  
13 payable in fiscal years beginning on or after July 1, 2013.

14 Division V of the bill establishes an enterprise property  
15 tax credit fund. For the fiscal year beginning July 1, 2013,  
16 the bill appropriates from the general fund of the state to the  
17 department of revenue for deposit in the fund, \$25 million.

18 For the fiscal year beginning July 1, 2014, and each fiscal  
19 year thereafter, the bill appropriates from the general fund of  
20 the state to the department of revenue for deposit in the fund  
21 an amount equal to the total amount appropriated by the general  
22 assembly to the fund in the previous fiscal year. In addition,

23 for fiscal years beginning on or after July 1, 2014, the bill  
24 appropriates an additional \$25 million to the fund if the  
25 revenue estimating conference certifies that the total amount  
26 of general fund revenues has grown by at least 3 percent as  
27 compared to the previous fiscal year. The division provides,  
28 however, that the total appropriation to the fund shall

29 not exceed \$125 million in any one fiscal year. Under the  
30 division, interest or earnings on moneys deposited in the fund  
31 are credited to the fund, moneys in the fund are not subject  
32 to the provisions of Code section 8.33, and moneys in the fund  
33 shall not be transferred, used, obligated, appropriated, or  
34 otherwise encumbered except as provided in new Code chapter  
35 426D.

LSB 6143SV (2) 84

-38-

md/sc

38/44



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 Division V of the bill provides that each person who wishes  
2 to claim an enterprise property tax credit shall obtain the  
3 appropriate forms from the assessor and file the claim with the  
4 assessor. The director of revenue is required to prescribe  
5 suitable forms and instructions for such claims, and make  
6 such forms and instructions available to the assessors. The  
7 assessor is required to remit the claims for credit to the  
8 county auditor with the assessor's recommendation for allowance  
9 or disallowance. If the assessor recommends disallowance  
10 of a claim, the assessor shall submit the reasons for the  
11 recommendation, in writing, to the county auditor. The county  
12 auditor then forwards the claims to the board of supervisors.  
13 The board is required to allow or disallow the claims. If  
14 the board of supervisors disallows a claim for a credit, the  
15 board of supervisors is required to send written notice, by  
16 mail, to the claimant and the notice must state the reasons for  
17 disallowing the claim for the credit. Any person whose claim  
18 for credit is denied may appeal from the action of the board of  
19 supervisors to the district court of the county in which the  
20 parcel is located.

21 Claims for the enterprise property tax credit must be filed  
22 not later than March 15 preceding the fiscal year during which  
23 the property taxes for which the credit is claimed are due  
24 and payable. However, the deadline for filing claims against  
25 property taxes due and payable in the fiscal year beginning  
26 July 1, 2013, is January 15, 2013.

27 Upon the filing of a claim and allowance of an enterprise  
28 property tax credit, the credit is allowed on the parcel for  
29 successive years without further filing as long as the parcel  
30 satisfies the requirements for the credit. The owner is  
31 required to provide written notice to the assessor when the  
32 parcel ceases to qualify for the credit. The division requires  
33 the assessor to maintain a permanent file of current credits  
34 and also specifies certain requirements for parcel owners,  
35 assessors, and county recorders when all or a portion of such



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 parcels are sold, transferred, or ownership otherwise changes.  
2 Under division V of the bill, each parcel classified and  
3 taxed as commercial property, industrial property, or railway  
4 property under Code chapter 434 is eligible for an enterprise  
5 property tax credit. A person may claim and receive one credit  
6 for each eligible parcel.

7 Division V provides that property that is rented or leased  
8 to low-income individuals or families under section 42 of  
9 the Internal Revenue Code, and that is subject to section 42  
10 assessment procedures for the applicable assessment year is not  
11 eligible for an enterprise property tax credit under new Code  
12 chapter 426D.

13 Division V of the bill provides that all claims for credit  
14 which have been allowed, the assessed value of the applicable  
15 parcels, the consolidated levy rates for such parcels  
16 applicable to the fiscal year for which the credit is claimed,  
17 and the taxing districts in which each parcel is located, shall  
18 be certified on or before June 30, in each year, by the county  
19 auditor to the department of revenue.

20 Division V of the bill requires the department of revenue  
21 to calculate, for each fiscal year, an enterprise property tax  
22 credit percentage for use in determining the amount of the  
23 credit for each eligible parcel. The department first must  
24 calculate for each eligible parcel the product of the assessed  
25 value of the parcel multiplied by the consolidated levy rate  
26 per \$1,000 of taxable value as certified under Code section  
27 426D.3, and then divide that product by \$1,000. The department  
28 then must calculate the sum of all such amounts calculated  
29 for all eligible parcels. The enterprise property tax credit  
30 percentage shall be equal to 98 percent of the moneys in the  
31 enterprise property tax credit fund, following the deposit of  
32 the appropriation for the fiscal year, divided by the sum of  
33 the amounts determined for each eligible parcel.

34 Division V of the bill provides that the amount of the  
35 credit for each eligible parcel shall be equal to the parcel's

LSB 6143SV (2) 84

-40-

md/sc

40/44





Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 separate class of property known as multiresidential property:  
2 (1) Parcels upon which property used for human habitation  
3 and owned by a person other than the owner of the parcel is  
4 placed, subject to a lease or other agreement with a duration  
5 exceeding one month or more; (2) Assisted living facilities;  
6 and (3) That portion of a building that is used for human  
7 habitation and a proportionate share of the land upon which  
8 the building or structure is situated, if the land is part of  
9 the same parcel as the building, even if the use for human  
10 habitation is not the primary use of the building or structure,  
11 and regardless of the number of dwelling units located in the  
12 building. For valuations established for the assessment year  
13 beginning January 1, 2013, the percentage of actual value at  
14 which multiresidential property shall be assessed shall be 94  
15 percent. For valuations established for the assessment year  
16 beginning January 1, 2014, the percentage of actual value at  
17 which multiresidential property shall be assessed shall be 88  
18 percent. For valuations established for the assessment year  
19 beginning January 1, 2015, the percentage of actual value at  
20 which multiresidential property shall be assessed shall be 82  
21 percent. For valuations established for the assessment year  
22 beginning January 1, 2016, the percentage of actual value at  
23 which multiresidential property shall be assessed shall be 76  
24 percent. For valuations established for the assessment year  
25 beginning January 1, 2017, the percentage of actual value at  
26 which multiresidential property shall be assessed shall be 70  
27 percent. For valuations established for the assessment year  
28 beginning January 1, 2018, the percentage of actual value at  
29 which multiresidential property shall be assessed shall be 64  
30 percent. For valuations established for the assessment year  
31 beginning January 1, 2019, and each assessment year thereafter,  
32 the percentage of actual value at which multiresidential  
33 property shall be assessed shall be equal to the percentage  
34 of actual value at which property assessed as residential  
35 property is assessed for the same assessment year. The bill

LSB 6143SV (2) 84

-42-

md/sc

42/44



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 provides, however, that a hotel, motel, inn, or other building  
2 where rooms or dwelling units are usually rented for less  
3 than one month shall not be classified as multiresidential  
4 property. The bill also provides that property that is rented  
5 or leased to low-income individuals and families as authorized  
6 by section 42 of the Internal Revenue Code, as amended, and  
7 that is subject to section 42 assessment procedures under Code  
8 section 441.21(2), shall not be classified as multiresidential  
9 property.

10 For assessment years beginning on or after January 1, 2013,  
11 but before January 1, 2019, the owner of property meeting the  
12 requirements for the multiresidential property classification  
13 may file a declaration with the assessor on or before January  
14 15 of the assessment year, requesting that such property be  
15 classified as multiresidential property. If the property meets  
16 the requirements for multiresidential property, the assessor  
17 shall approve the request in the declaration and classify  
18 such property as multiresidential property. If an assessor  
19 rejects a declaration request, the property owner may protest  
20 such decision to the local board of review. Once approved, a  
21 declaration request is irrevocable by the property owner and  
22 such property shall be classified as multiresidential property  
23 for subsequent future assessment years so long as the property  
24 meets the requirements for multiresidential property. For  
25 assessment years beginning on or after January 1, 2013, but  
26 before January 1, 2019, property that meets the requirements  
27 for multiresidential property shall not be classified and  
28 valued as multiresidential property unless a declaration filed  
29 by the owner has been approved by the assessor. For assessment  
30 years beginning on or after January 1, 2019, property meeting  
31 the requirements of multiresidential property shall be  
32 classified and valued by the assessor as multiresidential  
33 property regardless of whether a declaration was previously  
34 filed for the property.

35 Division VI of the bill makes changes to Iowa Code chapters

LSB 6143SV (2) 84  
md/sc

43/44



Iowa General Assembly  
Daily Bills, Amendments and Study Bills  
May 08, 2012

S.F. 2344

1 404, 441, and 558 to correspond to the establishment of the  
2 multiresidential property classification for property tax  
3 purposes.

4 Division VI of the bill applies to assessment years  
5 beginning on or after January 1, 2013.